

**U.S. Office of Personnel Management
Office of Merit Systems Oversight and Effectiveness**

Report of a Special Study

**FEDERAL BENEFITS
COUNSELING**

Putting the Pieces Together

December 2000

FEDERAL BENEFITS COUNSELING: PUTTING THE PIECES TOGETHER

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EXECUTIVE SUMMARY

As part of its Fiscal Year 2000 oversight program, the Office of Personnel Management (OPM) conducted a study of benefits counseling in the Federal Government.¹

We gathered information on how agencies and the U.S. Postal Service are organized to provide counseling, what mechanisms they use to deliver information, what sources of information counselors and employees use, and what additional information counselors and employees need. We did this by distributing surveys to, and then conducting interviews with, counselors and employees throughout the country.

Our key findings and conclusions are summarized as follows:

- Agencies provide counseling services primarily through local personnel offices. Our interviews suggest that this is changing among non-Postal agencies, which are experiencing a trend toward regional and centralized systems.
- Employees understand their agencies' organization and generally know whom to contact for benefits information.
- Most counselors who responded to our survey have Internet access at work. While a high percentage, 79 percent, of non-Postal employees also reported having Internet access at work, less than a quarter of Postal Service employees reported having such access.
- Counselors receive benefit updates and other information primarily through email and the Internet, and in the case of Postal counselors, on paper as well. Both non-Postal and Postal counselors strongly prefer email updates.
- Non-Postal employees receive benefits information most commonly via email, while Postal employees receive such information most commonly via home mailings. Employee preferences match agency practices.
- Counselors most often interact with their customers in person or by telephone. Ninety-one percent of counselors responding to our survey reported they counsel by phone and 85 percent said they counsel in person. Employee preferences match agency practices to a degree. Employees responding to our survey indicated that they prefer counseling in person, or in groups, but not on the phone.

¹ We defined benefits counseling to include a wide range of activities involving information sharing, counseling, and training with respect to such items as health and life insurance, retirement, the Thrift Savings Plan (TSP), Social Security, Workers' Compensation, State Unemployment Insurance, and financial planning.

- Counselors rely on the OPM web site and find it very useful. Although only a small percentage of employees indicated they use the OPM web site, counselors highly recommend it for employees. Employees who have used the site found it helpful.
- While counselors believe they can obtain the information they need to adequately counsel employees, they do not feel they have time to keep up with all the benefit changes. Additionally, they believe they need training, particularly in the areas of Social Security, the Federal Employees Retirement System (FERS), the Thrift Savings Plan (TSP), Medicare, Workers' Compensation, and benefits counseling skills.
- While employees are satisfied with the benefits information their agencies provide overall, they also need more information in particular areas, such as retirement benefits, financial planning, and Social Security. Additionally, employees want pre-retirement seminars earlier in their careers than traditionally available.
- Counselors praised the OPM web site as a user-friendly source of benefits information, i.e., an OPM "best practice." Counselors also shared their own successful practices with us. Those practices ranged from providing key information to employees "at a glance" to disseminating information in entirely new ways through technological advances.
- Counselors identified some barriers to effective counseling, including: high employee to counselor ratio, counseling as a collateral duty, and difficulty getting timely benefits information and updates.
- Both agency counselors and employees provided suggestions to further improve benefit counseling services. Counselor ideas include establishing an occupational series for benefits counselors, developing additional automated calculators to address varying employee situations, and offering pre-retirement seminars to employees throughout their careers. Employee ideas include providing periodic benefits briefings for employees and periodic on-site counseling services to field employees, as well as making pre-retirement seminars available to employees earlier in their careers.
- Corporate Leadership Council studies indicate that, through effective benefits counseling communication, organizations promote better comprehension and utilization of benefits packages, ensure employees know how to use the benefits offered to them, and ultimately increase employees' satisfaction with their benefits packages. To achieve these results, corporations have created mutual respect and trust with employees, displayed an understanding of employee values and concerns, targeted segmented audiences, used multiple media approaches, trained line managers, and involved employees in the decision-making process.

I. INTRODUCTION

The Federal benefits package continues to change and, in some ways, become more complex. In 1999, new life insurance rules took effect. In 2000, new rules for premium conversion, i.e., paying health insurance contributions with pre-tax dollars, took effect. In the near future, employees will have long-term care insurance, and two new TSP options, as well as a new TSP record-keeping system. Employees have a critical need for accurate and timely information about their benefits. Failure on the part of their employing agencies, OPM, the Federal Retirement Thrift Investment Board, and others, to provide such information may cost employees opportunities and funds.

As a result, OPM's Office of Merit Systems Oversight and Effectiveness conducted this study with several purposes. We wanted: (1) to assess the accuracy and adequacy of benefits information being disseminated throughout the Federal Government; (2) to identify employee and counselor needs; (3) to identify any changes since OPM's Retirement and Insurance Service (RIS) conducted its 1994 Benefits Administration Survey; and (4) to provide information for OPM's Retirement Systems Modernization Initiative. The latter initiative is an undertaking by RIS to re-engineer the steps and procedures involved in administering the Federal retirement program. The initiative's goals are providing excellent customer service to RIS' clients, saving resources, and improving performance.

Objectives

We identified six specific objectives for our study:

1. determine how agencies organize their benefits counseling activities;
2. identify how agencies are delivering benefits information to employees and which mechanisms employees prefer and consider reliable;
3. identify what sources of benefits information counselors and employees use and consider accurate;
4. assess how much counselors and employees know about various benefit areas, and identify their information needs;
5. identify agency best practices and lessons learned; and
6. identify successful private sector counseling practices.

Methodology

- Our fact-finding for this study included surveying benefits counselors and employees, and conducting counselor interviews and employee focus groups.
- In February 2000, we began administering surveys to 42 agencies throughout the Federal Government, including the Postal Service where employees are eligible for benefits coverage under Title 5, United States Code, although they are exempt from coverage under other provisions of Title 5. (See Appendix A for a list of these agencies.) We disseminated an employee survey to 1,037 randomly-sampled non-Postal employees.² We received responses from 410 non-Postal employees, a 40 percent response rate. From these results, we calculated a 95 percent confidence level with a margin of error of +/- 4.8 percent.
- We also disseminated the employee survey to 988 Postal employees randomly identified by the U.S. Postal Service.³ We received responses from 384 Postal employees, a 39 percent response rate. From these results, we calculated a 95 percent confidence level with a margin of error of +/- 5.0 percent.
- While most agencies could accommodate a web-based distribution of the employee survey, three relatively large agencies could not. Therefore, we disseminated the survey via the web to 741 employees and via paper to 1,284 employees. Our response rate for the web-based survey was 41 percent and our response rate for the paper survey was 38 percent.
- We also sent a Benefits Counselor survey to counselors nationwide. We distributed this entirely web-based survey to 2,457 randomly-selected non-Postal GS-200 series personnel⁴ and 340 Postal counselors.
- Because there is no occupational series dedicated to benefits counselors or even benefits specialists, we over-sampled the GS-200 series personnel in non-Postal agencies. We understood that a large number would have no benefits counseling responsibilities and

² Only employees in organization coded in the Central Personnel Data File (CPDF) with Personnel Office Identifiers (POI's) indicating 500 or more employees were included in the survey. We drew the Non-Postal employee sample from a total employee population of 1,596,381 in the CPDF.

³ We relied on the U.S. Postal Service to randomly identify employee participants because its employees are outside the CPDF. The Postal Service drew its sample from a total employee population of approximately 750,000.

⁴ We drew the GS-200 series sample from a total GS-200 series population of 36,802.

- provided those respondents an opportunity to exit the survey early on. We relied on the Postal Service to identify the 340 benefits counselors in its sample.
- Our response rate on the non-Postal side was 32 percent, with 779 GS-200 series respondents. Of that 779, 323 or 41 percent were benefits counselors. From these results, we calculated a 95 percent confidence level with a margin of error of +/- 5.4 percent.
- On the Postal side, the response rate was 62 percent, with 211 out of 340 Postal counselors responding. From these results, we calculated a 95 percent confidence level with a margin of error of +/- 4.9 percent.
- In March and April 2000, we conducted benefits counselor interviews and employee focus groups at 18 agencies nationwide, including Department of Defense (DOD) and non-DOD agencies, as well as the Postal Service. Participating agencies included the Departments of Commerce, Energy, Health and Human Services, Housing and Urban Development, Navy, Treasury, and Veterans Affairs; the General Services Administration; the Social Security Administration; the Small Business Administration; the Railroad Retirement Board; the Federal Deposit Insurance Corporation; the Defense Logistics Agency; the Office of Personnel Management; and the U.S. Postal Service.⁵
- We also conducted an extensive group interview with agency headquarters-level benefits officers.
- In addition, we reviewed successful benefits counseling practices used by corporations in the private sector.

⁵ We visited two Social Security Administration components and three Department of Health and Human Services components to bring the total to 18.

II. SURVEY AND INTERVIEW FINDINGS

A. Survey Respondent Profile

Because Postal Service counselors and employees form a large percentage of our respondents, to avoid presenting misleading data we distinguish between non-Postal and Postal responses where they diverged.

- Of those employees who responded to our survey, 52 percent worked in non-Postal agencies, 53 percent were male, 69 percent were at least 35 years old, and 58 percent had at least 10 years of Federal Service.
- Of those benefits counselors who responded to our survey, 60 percent worked in non-Postal agencies, 84 percent were female, 77 percent had at least some college education, and 42 percent had been performing benefits counseling duties for at least 10 years. Eighty-five percent of the non-Postal counselors and 98 percent of the Postal counselors had worked for the Federal Government/Postal Service for at least 10 years.
- Additionally, only 16 percent of the counselors reported spending 100 percent of their work time on benefits counseling. Of the large number of counselors who did not, 34 percent of non-Postal counselors and 65 percent of the Postal counselors performed other benefits functions (such as processing and running open seasons), and more than 30 percent of both groups performed staffing duties.
- Finally, 85 percent of the non-Postal counselor respondents were in the GS-201, 203, or 230 job series, and 55 percent were in the GS-9 to GS-12 pay range. More than 90 percent of the Postal counselor respondents reported being under the Postal Service's Executive and Administrative Schedule (EAS). Half of the counselors indicated they hold EAS-15 level positions, and another 23 percent indicated they hold EAS-17 level positions. The pay range for EAS-15 to EAS-17 is roughly equivalent to the GS-9 to GS-12 base salary pay range.

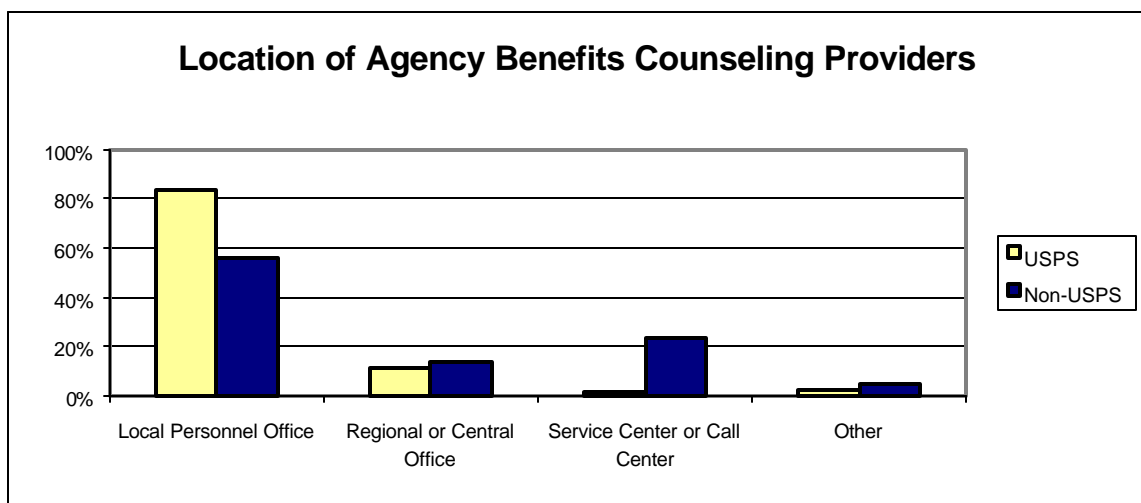
B. Agency Organization

Our first objective was to determine how agencies organize their benefits counseling activities. The key questions we sought to answer were:

1. How are agencies organized to provide benefits counseling – through local personnel offices, regional offices, or centralized call or service centers?
2. Do employees know whom to go to for benefits information and/or counseling?
3. What other roles do benefits counselors play and what portion of their work time do they spend on counseling?
4. How much experience do benefits counselors have?

Findings

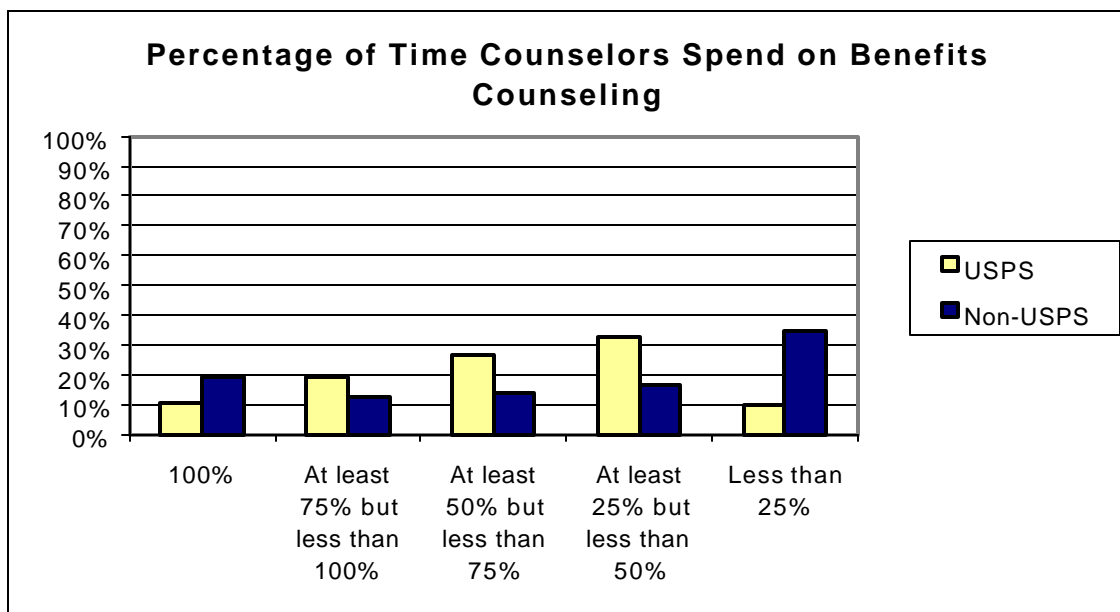
- We learned in our interviews that both non-Postal and Postal agencies currently provide counseling services primarily through local personnel offices. This is changing in non-Postal agencies, however, which are experiencing a trend toward regionalization and/or centralization of agency personnel offices.
- As shown in Chart 1, our survey results support this finding. Of those responding to our survey, 56 percent of non-Postal benefits counselors told us that local personnel offices handle benefits counseling. An additional 23 percent of non-Postal counselors told us that service or call centers handle counseling, while 14 percent reported that regional or central offices perform this function.



Source: Benefits Counselors Survey

Chart 1

- We did not detect such a local/central dichotomy in the Postal Service. Eighty-three percent of Postal counselors responding to our survey told us they provide counseling service through local personnel offices. Only 2 percent reported that service or call centers handle the counseling, and just 11 percent reported that regional or central offices do so.
- In our interviews, most employees said they know whom to go to for benefits information. We heard of only one exception and that involved an agency whose benefit function had transitioned to a centralized service center.
- In terms of experience, less than half of both non-Postal and Postal counselors responding to our survey had more than ten years experience. Of significance, approximately 10 percent from each group had less than one year of experience, some of whom reported little or no training.
- Overall, however, benefits counselors have more counseling experience than they did in 1994, when RIS conducted a Benefits Administration Survey. In 1994, only 35 percent of the counselors responding had 6 or more years experience; whereas, this year, more than half of the benefits counselors responding to the survey do.
- Twenty percent of non-Postal counselors spend all of their work time on counseling and related activities, while this is true for just 11 percent of Postal counselors. However, 35 percent of non-Postal counselors spend less than a quarter of their time in counseling activities, while only 10 percent of Postal counselors do. See Chart 2 below.



Source: Benefits Counselor Survey

Chart 2

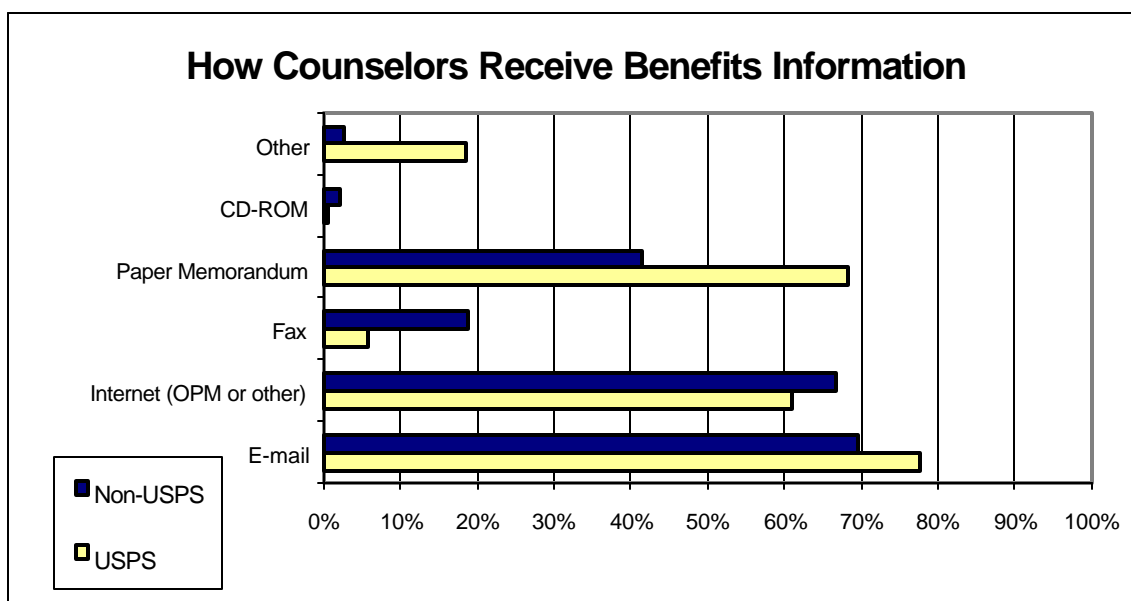
C. Delivery Mechanisms

Our second objective was to identify how counselors and employees receive benefits information, as well as which mechanisms they prefer and consider reliable. This section is further divided into two areas, benefits information and benefits counseling. Benefits information is information an agency provides to the general employee population, while benefits counseling is counseling an agency provides an employee or group of employees with a particular need or interest. We sought to answer the following key questions:

1. Do counselors and employees have access to the Internet? Does Internet access affect how counselors and employees receive benefits information?
2. How do counselors and employees receive benefits information, what delivery mechanisms do they prefer, and is there a correlation?
3. What kinds of benefits information and counseling do agencies deliver to employees?
4. How do counselors provide benefits counseling, how do employees like to receive it, and is there a correlation?

Findings - Benefits Information

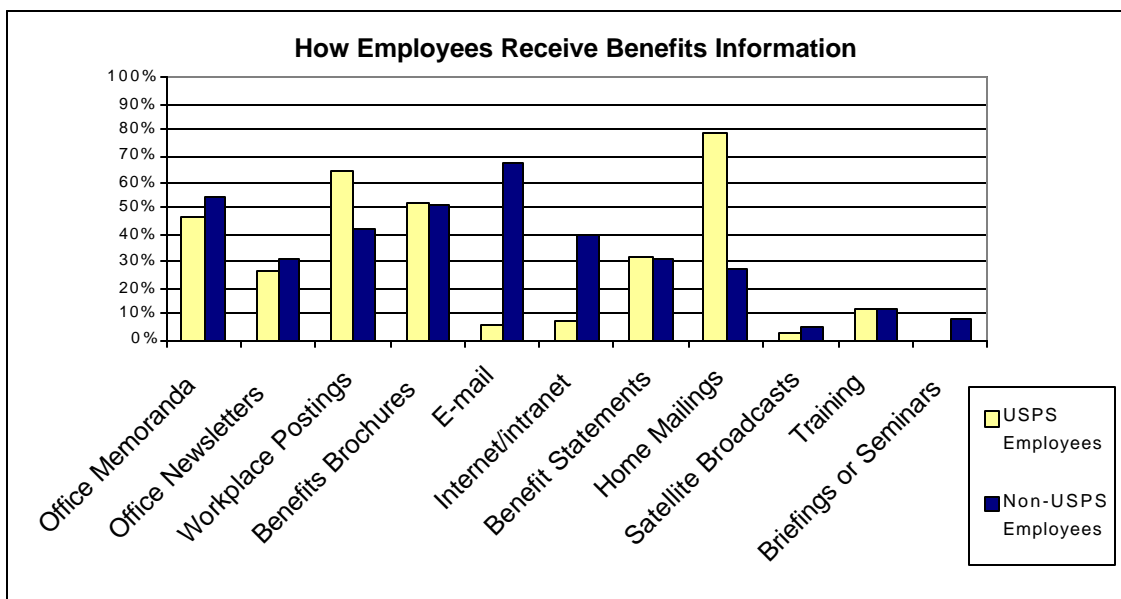
- We found that electronic (email and/or Internet) access affects how benefits information is delivered to counselors and employees, as well as the way both of these groups prefer to receive such information.
- Nearly all counselors responding to our survey have Internet access at work, 94 percent non-Postal and 97 percent Postal. As Chart 3 shows, non-Postal counselors most often receive benefit updates through email and Internet, while Postal counselors most often receive updates through email and paper. Both groups reported a strong preference for the email method.



Source: Benefits Counselor Survey

Chart 3

- Most non-Postal employee respondents, 79 percent, also reported having Internet access at work, and 77 percent are at least moderately comfortable using this technology.
- Less than a quarter of Postal employee respondents reported having access to the Internet at work. This may be due to the nature of Postal Service duties, such as mail delivery and other mail handling work. While more than half, 55 percent, of the Postal employees reported that they are comfortable using the Internet, more than a third said they don't use the Internet at all.
- Electronic access contributes to how employees receive benefits information from their agencies. While non-Postal employees most commonly receive benefits information through emails, Postal employees most commonly receive such information through home mailings. Of interest, 67 percent of non-Postal employees report receiving benefits information via email and 40 percent via their agencies' Internet/intranet web site; whereas, less than 10 percent of Postal employees report receiving benefits information via either one of these mechanisms. See Chart 4.



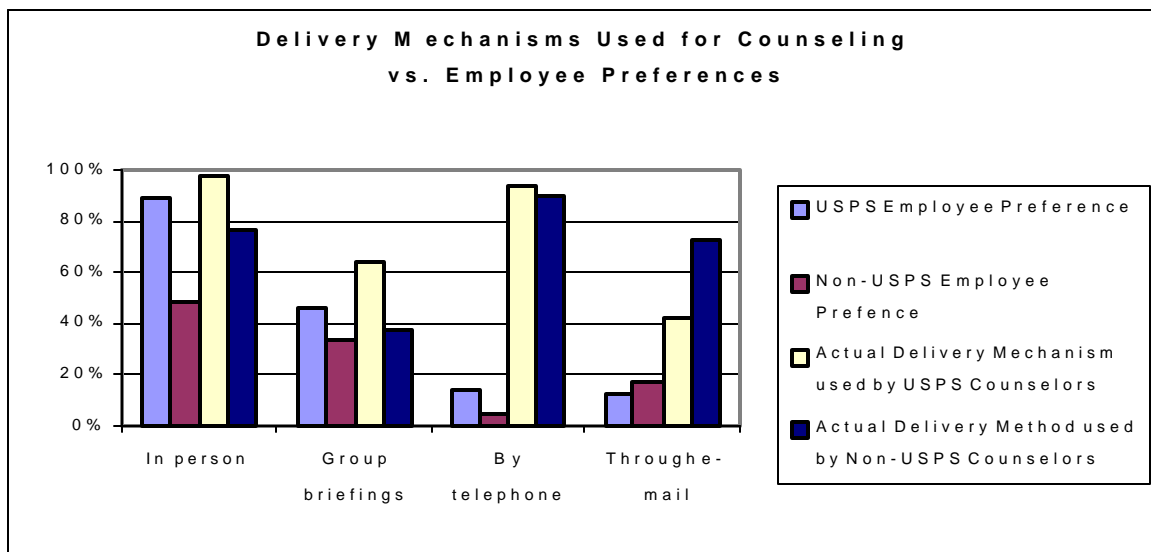
Source: Employee Survey

Chart 4

- Survey results indicate that employees find most beneficial the information delivery mechanism favored by their agencies. That is, non-Postal employees most commonly cited email as a beneficial mechanism, while Postal employees most commonly cited home mailings as a beneficial mechanism.
- Based on our surveys, counselors and employees agree that the benefits information agencies most commonly deliver concerns TSP, health benefits, life insurance and retirement.

Findings - Benefits Counseling

- Survey results indicated that benefits counselors most often interact with their customers in person or by telephone. Ninety-one percent of counselors reported that they counsel via the phone and 85 percent said they counsel in person.
- The majority, 68 percent, of employees responding to our survey want to receive benefits counseling in person. However, 40 percent of the employees like group briefings. Very few employees want to be counseled over the telephone or through email. This is noteworthy because, as discussed earlier, nine out of ten benefits counselors responding to the survey said they counsel employees over the phone. Chart 5 shows counseling delivery mechanisms used versus employee preferences.



Source: Benefits Counselor and Employee Surveys

Chart 5

- Survey responses also indicated that the counseling agencies most commonly provide are new employee orientation and pre-retirement planning. More specifically, a large majority of non-Postal benefits counselors most commonly explain benefits to new employees, provide information on making service credit deposits, and answer employee benefits questions one-on-one. A large majority of Postal counselors also engage in these activities, as well as provide annuity estimates, and determine retirement coverage and service computation dates.
- For both groups, conducting mid-career benefits seminars was one of the least identified activities: only 16 percent of non-Postal counselors and 32 percent of Postal counselors reported conducting such seminars. Additionally, less than 10 percent of all counselors reported that their agency provides, or makes available, financial planning assistance separate from pre-retirement planning. These findings are significant because we found that employees desire more financial planning information and mid-career retirement seminars. Counselors agreed, through survey comments, that employees need these kinds of counseling services.

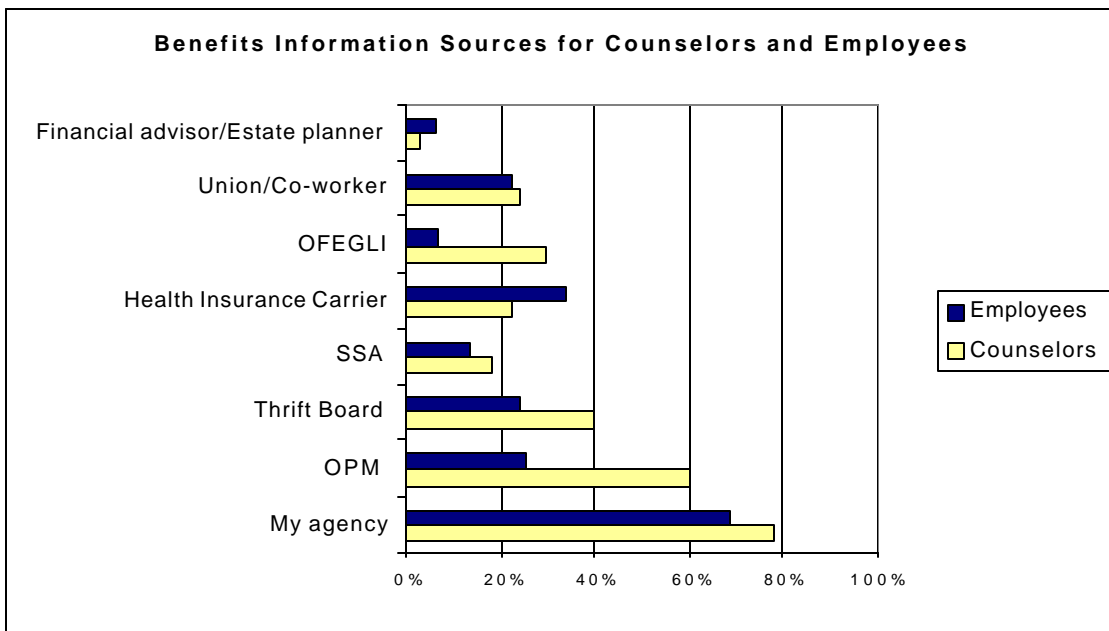
D. Information Sources

Our third objective was to identify what sources of benefits information counselors and employees use and consider accurate. The key questions we sought to answer were:

1. What sources of benefits information do counselors and employees consult?
2. What OPM sources of benefits information do counselors most commonly use?
3. What benefits information sources outside OPM do counselors most commonly use?
4. How many employees intend to work with a benefits counselor? At what point in their career would they like to receive this counseling?

Findings

- Survey responses showed that counselors and employees alike go to their agencies first for benefits information and assistance, and counselors also rely on OPM. Employees do go to OPM for assistance, but use other sources, such as their health benefits insurance carrier and the Federal Retirement Thrift Investment Board (FRTIB), about as much or more. See Chart 6 below.



Source: Benefits Counselor and Employee Surveys

Chart 6

- Our benefits counselor interviews told a slightly different story. While counselors from 11 of 18 agencies, 61 percent, reported seeking benefits information and guidance from their own agencies, a greater percent reported using the FRTIB, 16 agencies or 89 percent, and OPM, 13 agencies or 72 percent.
- Employee focus group results somewhat matched employee survey results. The primary difference was that employee groups we interviewed used all benefits information sources – especially OPM – in higher numbers than those surveyed. Employee groups reported seeking benefits information and guidance most commonly from their own agencies *and* from OPM, 15 of 18 groups or 83 percent. More than half of the groups also reported consulting health benefits carriers, 11 groups or 61 percent, and the FRTIB, 10 groups or 56 percent.
- Concerning information sources provided by OPM, 86 percent of benefits counselors responding to our survey consult the CSRS and the FERS Handbook for Personnel and Payroll Offices to perform their counseling functions. Postal counselors also utilize the Federal Employees’ Group Life Insurance (FEGLI) and Federal Employees Health Benefits (FEHB) Handbooks, 92 percent and 89 percent respectively, as well as OPM publications such as “Retirement Facts” and “Thinking About Retirement,” 64 percent. Non-Postal counselors utilize the Benefits Administration Letters much more frequently than their Postal counterparts, 68 percent vs. 33 percent.
- The majority, 83 percent, of our counselor survey respondents also reported using the OPM web site, and the counselors we interviewed found it quite useful. While only a small percentage of employees currently use the OPM web site for benefits information, 72 percent of counselors reported that they would recommend it to employees who have Internet access.
- In addition to the information sources provided by OPM, counselors reported frequently using TSP Bulletins, the TSP web site and internal agency materials for benefits information. Non-Postal counselors also frequently consult title 5 of the United States Code and the Code of Federal Regulations. Postal counselors make limited use of title 5 references.
- Employees responding to our survey indicated that the OPM benefits information sources they most commonly use are the FEHB Handbook, 42 percent, and the FEGLI Handbook, 34 percent.⁶

⁶ Although employees can only access these two resources through the OPM web site, just 12 percent of employee respondents said they had obtained benefits information from the OPM web site. Consequently, we suspect employee respondents may have been thinking of the “Federal Employees Health Benefits Guide” and the “Federal Employees Group Life Insurance Program Booklet” when indicating they used the Handbooks.

- We learned from our employee survey respondents that 53 percent of non-Postal employees and 37 percent of Postal employees had worked with, or planned to work with, an agency benefits counselor regarding their retirement or other benefits. When asked when they would most like to receive benefits counseling, 65 percent of all employee respondents said they would like to receive pre-retirement counseling during their last 5 years of Federal employment, while 52 percent said that they would like to receive mid-career benefits counseling. This supports our findings mentioned earlier that indicate a need for more mid-career benefits counseling than traditionally available.

E. Information Needs

Our fourth objective was to assess counselor and employee knowledge in various benefit areas and identify their information needs. With regard to counselors, we also hoped to find out if counselors received the information and/or training necessary to provide adequate information and counseling to employees. Our key questions were:

1. Can counselors obtain the information they need to adequately counsel employees?
2. Do counselors receive benefit updates in a timely manner?
3. Do counselors receive adequate training?
4. Are employees satisfied with the benefits information their agencies provide?
5. In what benefits areas do counselors and employees need more training or information?

Findings

- Of those benefits counselors responding to our survey, 85 percent of non-Postal and 79 percent of Postal counselors believe they can obtain the information they need to adequately counsel employees.
- However, only 42 percent of non-Postal and 27 percent of Postal counselors believe they have time to keep up with the changes in benefits. Similarly, only half of all counselors reported “always” or “usually” learning of changes in benefits rules, regulations and policies early enough to adequately and accurately counsel employees.
- The benefits counselors we interviewed expressed similar sentiments. While most told us they understood the basics of employee benefits and could adequately counsel employees, many were concerned that they might not have the most current benefits information. They would like frequent updates through periodic conferences or other means.
- Of those who responded to our survey, a majority of both non-Postal and Postal benefits counselors think their training has prepared them for their benefits counseling responsibilities. However, 45 percent of non-Postal counselors and 58 percent of Postal counselors have not received formal benefits training during the last two years, and both groups express a need for various types of training, particularly in the areas of Social Security benefits, FERS, TSP, Workers’ Compensation Programs, Medicare and benefits counseling skills.

- Both non-Postal and Postal employees report being satisfied with the benefits information services their agencies provide overall. Of those who responded to our survey, 72 percent said their agency provides them with current benefits information. An equal percentage said that they receive benefits information in time to consider their choices before such deadlines as health benefits open season cut-offs.
- However, a high percentage of employees responding to our survey believe they needed more information in particular benefits areas. For instance, a majority of non-Postal employee respondents want additional financial planning and retirement benefits information. A majority of Postal employee respondents also want more financial planning and retirement benefits information, as well as Social Security benefits information. Interestingly, only 4 percent of non-Postal employees and 5 percent of Postal employees know of financial planning services available to employees at their agency, and just 9 percent of both groups know of mid-career benefits counseling services.
- Focus group employees also expressed a need for more information on particular benefits topics. Eight of eighteen groups desired more information concerning CSRS/FERS and Social Security. Also, six groups suggested that pre-retirement seminars be available earlier in employees' careers, i.e., more than five years before retirement.

F. Agency Best Practices and Lessons Learned

Our fifth study objective was to identify successful agency benefits counseling approaches and tools that enhance the counseling process, as well as unsuccessful approaches and conditions that hamper the counseling process. Survey responses, counselor interviews, and employee focus groups provided food for thought in these areas. We present a number of the counselor and employee views below, not to imply that all counselors and employees hold these views, but to give the reader a flavor for current innovations and challenges in the benefits counseling arena.

Best Practices

- Our objective here was to identify innovative approaches to benefits counseling that result in better customer service. Benefits counselors praised the OPM web site as a user-friendly source of benefits information, i.e., an OPM “best practice.” A number of counselors also shared their own successful practices with us. They ranged from providing key benefits information to employees “at a glance” to disseminating benefits information in entirely new ways through technological advances.
- Some “best practices” counselors shared are:
 - ◆ establishing an intranet web page that includes links to benefit web pages;
 - ◆ providing employees benefits information through an automated benefits telephone line;
 - ◆ offering fact sheets concerning benefits decisions associated with life event changes;
 - ◆ implementing an Interactive Voice Response system for TSP actions;
 - ◆ preparing a detailed health benefits comparison chart showing what each plan covers for an array of medical concerns; and
 - ◆ developing a one-page information sheet on FEGLI options/coverage.

Lessons Learned

- Our objective here was to identify barriers to effective counseling programs, as well as tools and guidance agencies need to enhance their counseling programs. In survey and/or interview responses, counselors reported that the following conditions undermine their benefits counseling programs:

- ◆ high employee/counselor ratio (one counselor cited a ratio of 8,000 employees to two counselors);
 - ◆ an aging workforce coupled with a decreasing number of counselors because of downsizing;
 - ◆ counseling as a collateral rather than primary or sole duty;
 - ◆ overburdened OPM representatives making it difficult for agencies to receive benefits guidance in a timely way;⁷ and
 - ◆ centralized benefits processing centers.⁸
- In addition, counselors identified the following tools, guidance, and training they need from either OPM, other agencies, or their own agency to enhance their benefits counseling programs:
 - ◆ comprehensive “basic” benefits training;
 - ◆ additional training on specific benefits topics (e.g., more detailed information about Social Security and its relationship to other retirement benefits);
 - ◆ benefit updates (e.g., new and/or modified publications directly mailed to counselors);
 - ◆ enhanced retirement calculators available via the Internet or a software application;
 - ◆ online resource list containing hotlinks to benefits web sites where counselors could download, print or order benefits brochures, handbooks, forms, etc.; and
 - ◆ improved FERS guidance for employees (e.g., a “FERS FED FACTS”).

Suggestions

- Counselors and employees have offered ideas for further improving benefit counseling services.

⁷ Counselors report receiving busy signals, being placed “on-hold” and not receiving answers to retirement questions quickly enough.

⁸ Counselors indicate that employees prefer face-to-face guidance not afforded by centralized processing centers, and that errors take longer to correct through centralized rather than local processing centers.

- Counselor suggestions for OPM and/or their own agencies included:
 - ◆ recognizing employee benefits work as a human resources occupational specialty;
 - ◆ establishing a certification/competency program for benefits specialists;
 - ◆ providing additional automated calculators to address varying employee situations;
 - ◆ allowing agencies electronic access to information on employee deposits/redeposits at OPM/Boyers;
 - ◆ creating a benefits hotline for each benefit topic and including an option to speak with someone;
 - ◆ developing an email list to notify counselors of benefits changes (OPM has recently accomplished this);
 - ◆ creating additional benefits videos in layperson's language;
 - ◆ developing a video on CSRS Offset v. FERS for rehired employees;
 - ◆ providing videos of satellite broadcasts so that agencies can disseminate the information to employees at various times and locations;
 - ◆ providing new employees with a "follow-up" orientation to answer benefit questions and resolve difficulties;
 - ◆ offering pre-retirement seminars to employees throughout their careers;
 - ◆ providing employees with retirement annuity estimations earlier in their careers; and
 - ◆ providing employees with a brochure containing synopses of benefits with a point-of-contact for each benefit (FEGLI, FEHB, TSP, etc.).
- Employee suggestions for OPM and/or their own agencies included:
 - ◆ offering employees pre-retirement seminars earlier in their careers (i.e., more than five years prior to retirement);
 - ◆ offering employees periodic benefits briefings, especially when significant changes occur;
 - ◆ offering field employees routine (at least annual) on-site counseling services;

- ◆ offering field employees benefits information via interactive video or Internet; and
- ◆ establishing a benefits web directory for supervisors to consult when assisting employees.

G. Private Sector Counseling Practices

Our sixth study objective was to identify successful benefits counseling practices used by corporations in the private sector. To meet this objective, we reviewed studies conducted in recent years by the Corporate Leadership Council (CLC) of the Corporate Executive Board (CEB). The CLC provides best practices research and executive education to human resources executives at more than 700 member organizations. We reviewed three CLC/CEB studies that contained information pertaining to our benefits counseling study. The three studies are:

- *Compensation and Benefits Communication*, June 1998
- *Developing Benefits Communication Strategies*, November 1997
- *Investment Education for Employees*, March 1997

The CLC studies conclude that effective benefits communication will:

- elevate employees' good-will towards the company;
- help employees maintain appropriate perspective when changes are made to benefit packages by helping employees understand the economics of the company's benefit decisions;
- maximize the company's returns on benefit investments;
- promote employee understanding and appreciation of the total value of the benefit packages; and
- show employees how to use benefits programs and realize their full value.

To achieve these results, the CLC studies identify six strategies that organizations should follow in structuring their communication of benefits programs. The six strategies are:

- **Create mutual respect and trust between the employer and the employee.** For example, at Whirlpool, corporate disclosure of financial statements facilitates open communication and a connection between employee performance and the bottom line. Providing financial statements provides a channel for achieving trust that then is transferred to the communications employees receive regarding benefits.
- **Display a thorough understanding of the values and concerns of employees about benefits.** When designing a benefits communication program, organizations should consider employee demographics, employee likes/dislikes regarding the company's

benefits offerings, employee learning styles, and employee misperceptions regarding the company's benefits plan. Organizations also need to consider how benefits fit into employee lifestyles, how past benefits communication efforts affected employees, the time and job constraints of its employee population, and workplace culture. Methods for obtaining employee feedback on values and concerns include meetings, statistical monitoring, suggestion programs, and surveys and focus groups.

- **Create unique communications programs targeting smaller audiences that are segmented and classified by demographic factors.** This tactic allows companies to reach individual employees and address issues of concern to a specific group. For example, at J.B. Hunt, the company designed its 401K communications program to meet the needs of its truck driving employees. They distributed the plan description on audiocassette accompanied by country music, so the drivers could listen to the information on their routes. J.B. Hunt also published brochures resembling roadmaps, and banners, posters and counter cards with the message “not to get lost on the road to retirement.”
- **Use multiple media and communications approaches to meet the needs of different learning styles among employees.** The most popular presentation methods according to the 1995 Watson Wyatt report are announcement materials, electronic mail, employee publications, interactive technology, promotional materials, small group meetings, summary plan descriptions, telephone messaging systems, and videos. Investment education programs are also an important tool. After implementing a range of these communications modes, companies report that their benefits departments receive fewer employee inquiries for explanations on their benefits program.
- **Train line managers to accurately address the questions and concerns of their employees.** The objective in training managers is to ensure managers understand the benefits programs and are able to refer employees to people who can address employee concerns.
- **Involve employees in the decision-making process about the benefits package content.** Involving employees in the decision-making process enables them to understand the cost of benefits to the employer, rather than only understanding the cost to employees. Employees see the difficulty in meeting the various needs of an employee population on a limited budget, understand the economics of benefits decisions, and may make more educated personal benefits decisions. Methods of involving employees in benefits decisions include focus groups and employee benefits committees.

III. ACTIONS FOR AGENCIES AND OPM

FEDERAL AGENCIES SHOULD:

Give employees benefits information early in their careers

Survey results, counselor and employee comments in interviews and focus groups, as well as private sector corporate experience, indicate that agencies need to provide employees more benefits information early in their careers through comprehensive orientation, mid-career training, employee briefings, and electronic media. For example, agencies might provide:

- “follow-up” orientation within a few weeks of an employee’s entrance on duty to answer benefit questions and resolve difficulties;
- pre-retirement seminars earlier in employees’ careers (i.e., mid-career rather than the traditional five years before retirement eligibility);
- annuity estimates earlier in employees’ careers than traditionally offered; and
- periodic benefit briefings, particularly when significant changes occur.

Provide employees in the field with detailed benefits information

Both counselors and employees in the field report a need for more timely and detailed benefits information. Mechanisms for providing this could include interactive voice response systems, interactive video, the intra/Internet, and routine face to face counseling on a semi-annual or annual basis. Private sector corporate experience confirms that effective employee benefits communication requires a multi-media, demographically targeted approach.

Ensure that counselors receive sufficient training

Employees report a need for more benefits information. Agency benefits counselors report a need for more training to be able to provide that information. In order to meet employee needs for benefits information, agencies should ensure that counselors receive up-to-date training in the wide range of benefits programs and services, including benefits counseling. Further, agencies should clearly inform counselors in the field how to seek answers to benefits questions within the agency.

Ensure that supervisors have necessary resources to answer basic questions, particularly when benefit services are centralized

Interviews and focus groups suggest that counselors and employees are apprehensive about the trend toward regionalization/centralization of benefits counseling services. While it is still too early to determine the actual impact of such efforts, agencies can maintain a high level of accuracy and customer service by ensuring that supervisors have the necessary resources to answer basic benefits questions from employees, or are able to point employees in the right direction.

OPM WILL:

Conduct a follow-up study

Centralization, downsizing, and the aging of the Federal workforce, combined with technological advances, are affecting how employees view their benefits and how agencies provide benefits counseling services to their employees. We are only beginning to see the effects of these changes. Private sector corporate experience confirms it is important in designing benefits counseling to tailor the counseling to employee values and concerns about their benefits. OPM plans to conduct a follow-up study of employee and benefits counselor concerns about Federal benefits counseling in three to five years, using the FY 2000 study as a baseline.

Recognize employee benefits work as a human resources specialty

With the issuance of the new Job Family Position Classification Standard for Administrative Work in the Human Resources management Group, GS-0200, OPM officially raises employee benefits work to the same level as the traditional personnel management occupations like personnel staffing specialist and labor relations specialist. The new standard establishes specialties within an umbrella Human Resources Management, GS-0201 occupational series and abolishes most of the former, more specialized occupational series. The job family standard then establishes several official specialties and includes *Employee Benefits* among them. Similarly, the Job Family Position Classification Standard for Assistance Work in the Human Resources Management Group, GS-0200 includes an *Employee Benefits* specialty within its umbrella Human Resources Assistance, GS-0203 occupational series.

Improve training opportunities available to benefits counselors

A large number of counselors reported a need for additional training opportunities, both comprehensive “basic” training, as well as more in-depth and/or “update” training on specific benefit topics. OPM plans to address this need in two ways:

- OPM is developing a web-based training program for benefits counselors.
- OPM will look for opportunities to improve the accessibility of existing training, and assess the feasibility of developing a competency and/or certification program for benefits counselors.

Improve electronic accessibility of benefits information

The following initiatives reflect OPM's current efforts to improve communication with both counselors and employees:

- A Benefits Administration Information online mailing list has been established. This list emails information, primarily Benefits Administration Letters, to subscribers. While the primary customers are agency benefits officers, anyone can subscribe to the list. Benefits Administration Letters are automatically sent to list subscribers, and will continue to be posted on the Federal Benefits web page at www.opm.gov/benefits.
- OPM will create a "Frequently Asked Questions" page on its benefits website that will contain answers to retirement questions OPM commonly receives from benefits counselors.
- OPM's Retirement Systems Modernization (RSM) is an initiative to reengineer and modernize the steps and procedures used to administer the Federal Retirement Program, including CSRS and FERS. RSM is scheduled to be fully implemented by 2008 and will provide more timely, accurate payments and high quality customer service. For more information on the RSM effort, consult the OPM web page at www.opm.gov/retire/modern/what.html.

Market existing OPM benefit resources

Our study indicated that counselors as a whole are not fully utilizing the OPM sources of benefits information available to them. We will update counselors on OPM resources through the online mailing list mentioned above and other media. As a beginning, we have listed a number of OPM benefits videos, publications and tools in Appendix B. While this is not an exhaustive list, it points the way to the large body of benefits information available.

Share the results of this study with the Social Security Administration, the Department of Labor, and the Federal Retirement Thrift Investment Board

OPM will share its findings with those agencies and organizations having a mission-based interest in the effectiveness of Federal benefits counseling.

APPENDIX A

BENEFITS COUNSELING SURVEY PARTICIPANTS

Agency for International Development
Commodity Futures Trading Commission
Department of the Air Force
Department of Agriculture
Department of the Army
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of the Navy
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
Equal Employment Opportunity Commission
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Emergency Management Agency
Federal Retirement Thrift Investment Board
Federal Trade Commission
General Services Administration
National Aeronautics and Space Administration
National Archives and Records Administration
National Credit Union Administration
National Labor Relations Board
National Science Foundation
Nuclear Regulatory Commission
Office of Personnel Management
Peace Corps
Pension Benefit Guaranty Corporation
Securities and Exchange Commission

Small Business Administration
Smithsonian Institution
Social Security Administration
U.S. Information Agency
U.S. Postal Service

APPENDIX B

OPM SOURCES OF BENEFITS INFORMATION FOR COUNSELORS AND EMPLOYEES

- I. The following tools may be purchased from OPM's Benefits Officers Resource Center:
 - A. Video: "Benefits...Get Serious"
 - B. Video: "Stepping into Retirement"
 - C. CD-ROM or Disk: CSRS and FERS Handbook for Personnel and Payroll Offices
 - D. Interactive CD-ROM, single user or network license: Benefits Center

- II. The following tools may be purchased from OPM's Office of Insurance Programs:
 - A. CD-ROM: Federal Employees' Group Life Insurance Program: A Handbook for Employees, Annuitants, Compensationers, and Employing Offices
 - B. CD-ROM: Federal Employees Health Benefits Program: A Handbook for Enrollees and Employing Offices

- III. The following tools may be ordered from the Government Printing Office through the rider system:
 - A. Federal Employees Health Benefits Guide (RI 70-1)
 - B. Temporary Continuation of Coverage (TCC) under the FEHB Program (RI 79-27)
 - C. FERS Facts #2 Information About Reemployment for FERS Annuitants (RI 90-18)
 - D. Life Events and Your Retirement and Insurance Benefits (for employees) (RI 84-3)

- IV. The following tools may be downloaded from OPM's Benefits Home Page:
 - A. Benefits Administration Letters (www.opm.gov/asd/htm/bal-1.htm)
 - B. Financial Management Letters (www.opm.gov/asd/htm/fml.htm)
 - C. Payroll Office Letters (www.opm.gov/asd/htm/pol.htm)
 - D. Retirement and Insurance Handbooks:
 - 1) CSRS and FERS Handbook for Personnel and Payroll Offices (www.opm.gov/asd/htm/hod.htm)
 - 2) Federal Employees' Group Life Insurance Program: A Handbook for Employees, Annuitants, Compensationers, and Employing Offices (www.opm.gov/insure/life/handbook/index.htm)
 - 3) Federal Employees Health Benefits Program: A Handbook for Enrollees and Employing Offices (www.opm.gov/insure/handbook/fehb00.htm)

- 4) Federal Employees Health Benefits Program and Medicare
(www.opm.gov/insure/mcare/mhb01.htm)
- E. FEGLI Calculator (<http://apps.opm.gov/calculator/index.htm>)
- F. FEGLI Program Booklet, 4/99, RI-76-21
(www.opm.gov/insure/life/fegli99/federal/booklet/PAGE1.HTM)
- G. Other Retirement & Insurance Publications (www.opm.gov/asd/htm/pub.htm):
 - 1) Benefits for Employees in Career Transition, 7/97 (RI 10-96)
 - 2) Federal Employees Group Life Insurance Program, 3/97 (RI 76-12)
 - 3) Thinking About Retirement, 12/97 (RI 83-11)
 - 4) Handbook for Attorneys on Court-Ordered Retirement, Health Benefits and Life Insurance under CSRS, FERS, FEHB Program, and FEGLI Program, 7/97 (RI 83-116)
 - 5) Court Ordered Benefits for Former Spouses, 11/97 (RI 84-1)
 - 6) Work-Related Injuries and Fatalities – What You and Your Family Need To Know About Your Benefits, 11/97 (RI 84-2)
 - 7) The CSRS “Retirement Facts” Series:
 - a) #1: The Civil Service Retirement System, 11/97 (RI 83-1)
 - b) #2: Military Service Credit under CSRS, 12/97 (RI 83-2)
 - c) #3: Deposits and Redeposits under CSRS, 3/95 (RI 83-3)
 - d) #4: Disability Retirement under CSRS, 11/97 (RI 83-4)
 - e) #5: Survivor Benefits under CSRS, 3/95 (RI 83-5)
 - f) #6: Early Retirement under CSRS, 11/97 (RI 83-6)
 - g) #7: Computing Retirement Benefits under CSRS, 3/95 (RI 83-7)
 - h) #8: Credit for Unused Sick Leave under CSRS, 11/97 (RI 83-8)
 - i) #9: Refunds under CSRS, 3/95 (RI 83-9)
 - j) #10: Voluntary Contributions under CSRS, 3/95 (RI-83-10)
 - k) #11: Information for Separating CSRS Employees Who Are Not Eligible for an Immediate Annuity, 11/97 (RI 83-13)
 - l) #12: Information about Reemployment in the CSRS, 11/97 (RI 83-18)
 - m) #13: CSRS Offset Retirement, 9/96 (RI 83-19)
 - n) #14: Law Enforcement and Firefighter CSRS Retirement, 9/96 (RI 83-20)
 - 8) FERS Publications:
 - a) FERS (An Overview of Your Benefits), 4/98 (RI 90-1)
 - b) Information for Separating FERS Employees Who Are Not Eligible for an Immediate Annuity, 9/96 (RI 90-11)
 - c) FERS Transfer Handbook – A Guide to Making Your Decision (RI 90-3)
 - d) Information for FERS Annuitants, 1/00 (RI 90-8)
 - e) Applying for Immediate Retirement under FERS, 1/97 (SF 3113)
 - f) Applying for Death Benefits under FERS, 1/97 (SF 3114)
- H. Directory of Headquarters Level Agency Benefits Officers
(www.opm.gov/asd/htm/rc.htm)
- I. Savings Education Web Page (www.opm.gov/benefits/savings/savings.htm)

APPENDIX C

ABBREVIATIONS

Abbreviation	Explanation
CEB	Corporate Executive Board
CLC	Corporate Leadership Council
CPDF	Central Personnel Data File
CSRS	Civil Service Retirement System
DOD	Department of Defense
EAS	Executive and Administrative Schedule
FEGLI	Federal Employees' Group Life Insurance
FEHB	Federal Employees Health Benefits
FERS	Federal Employees Retirement System
FRTIB	Federal Retirement Thrift Investment Board
OFEGLI	Office of Federal Employees' Group Life Insurance
OPM	Office of Personnel Management
RIS	Retirement and Insurance Service
RSM	Retirement Systems Modernization
SSA	Social Security Administration
TSP	Thrift Savings Plan
USPS	United States Postal Service