



Benefits Administration Letter

Number: 07-102

Date: April 23, 2007

Subject: Retirement Financial Education Plans

This Benefits Administration Letter (BAL) provides guidance on developing a retirement financial education plan for your employees. The Thrift Savings Plan Open Elections Act of 2004 (Public Law 108-469) required the Office of Personnel Management (OPM) to develop and implement a retirement financial literacy and education strategy for Federal employees as part of the retirement training offered by OPM under 5 U.S.C. 8350. The implementation of the strategy must educate Federal employees on the need for retirement savings and investment, and must provide information on how to plan for retirement and how to calculate the retirement investment needed to meet their retirement goals. OPM submitted the strategy to Congress. The strategy is available at: http://www.opm.gov/benefits/literacy_education.asp.

The strategy identifies the roles of OPM, employing agencies and employees in implementing the retirement financial education programs. The administration of the Federal benefits programs is decentralized, and day-to-day administration of the programs is handled by the employing agency. Agency benefits officers have the primary responsibility to provide retirement financial education to their employees. The strategy requires each agency to develop a retirement financial education plan based on the educational model in the strategy. Agencies must provide OPM with an annual report describing the activities conducted under their retirement financial education programs and recommendations for improvements in the Government-wide financial education program.

Agency retirement financial education plans.

Our strategy takes a broad holistic approach to retirement financial education. It combines information and training on the Federal benefits programs with information employees need to know in order to set and achieve their retirement goals. Retirement readiness is more than just calculating how much money is needed. Our Retirement Readiness: NOW model combines the basic information about the benefits provided by the Government, as an employer, and the broader financial education needs of employees. Rather than being a "near retirement" event, the strategy considers retirement financial literacy and education as a career-long process. The model incorporates the broad range of information employees need to help them make informed

*Civil Service
Retirement
System*

*Federal Employees'
Group Life
Insurance Program*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

*Long Term
Care Insurance
Program*

retirement planning decisions. It also recognizes that these needs change as a person moves through his or her career.

We call our model Retirement Readiness: NOW. It has a total balanced approach to planning that covers:

- Networking & Engagement – finding enjoyable challenges, and connecting with other people.
- Overall Health – understanding the aging process and staying as healthy as you can for however long you live.
- Wealth– preparing financially to have sufficient income to support your own standard of living in retirement.

Retirement readiness is also dynamic. The activities and planning you need to do, such as the mix of your TSP funds and planning where you'll live in retirement, change as you move through life stages.

Agency plans should be on an agency wide level and discuss how the agency will manage the elements of the program in its components to support the financial education model. The plans should discuss the agency's goals and objectives for their retirement financial education program.

The purpose of the plans is to insure systemic design of programs developed to communicate information to employees so they can plan for retirement and make informed decisions. Just as there are differences among agencies, there are differences among the components of an agency. Plans should account for these differences. Plans should follow the topics below and discuss the goals programs are trying to achieve and how they plan to achieve them. They should not be merely a catalog of activities conducted. Plans must describe how the retirement financial education program targets employees at three career points: new employee, mid-career, and pre-retirement.

Key elements of agency plans.

Plans must discuss four key elements: content, delivery, evaluation and sustainability.

Content. The plan should address what type of information and training you are providing to your employees to help them increase their retirement readiness. In order to help you implement your agency plans we are developing a set of tools and resources for agency benefits officers to use in providing retirement financial education. The tools support the Retirement Readiness: NOW model and include:

- Retirement Readiness Profile – a web-based tool to assist employees with their readiness to retire as they move through career stages.
- Federal Ballpark Estimate – a savings goal worksheet that will allow employees to estimate how much they need to save to reach their retirement goals.
- Workshops in a Box – a series of workshops for use by agency benefits officers to conduct lunch-time brown-bag events to their employees on a range of retirement topics.
- Retirement planning video – an overview of the Civil Service Retirement System and the Federal Employees Retirement System.

- Guide to conducting financial education fairs – Benefits Administration Letter 06-107 provides guidance to agency benefits officers on how to conduct a financial education fair.

The contents section of an agency retirement financial education plan must provide information on how the agency is using these tools and other resources to provide information and training on the key dimensions of retirement readiness. Agencies must insure that their financial education activities are informational and educational in nature and that they do not provide specific financial investment advice.

Delivery. The plan must describe how the information will be delivered to employees. Agencies vary widely in the occupational mix and geographic dispersion of their employees. The retirement financial education plan must identify the best methods for information delivery for their employee population. For example, a series of lunchtime workshops may be very effective in an agency where the majority of employees are in concentrated locations, but would be a less effective approach in an organization with many employees in widely dispersed locations. Delivery of materials via the internet might be the best choice for organizations whose employees work in offices but not for organizations that have large numbers of employees working in non-office environments. The plan must identify what delivery methods will be used and why they are appropriate.

Evaluation. Developing and maintaining an effective retirement financial education program requires ongoing evaluation measures. Agency plans must establish specific goals and use performance measures to track progress toward meeting those goals. The evaluation measures should provide information on the impact on participants' attitudes, knowledge or behavior. Initial plans should contain information on the evaluation plans and performance measures that will be used. Subsequent plan submissions should include measures of progress toward the plan goals.

Sustainability. The key to the long-term success of retirement financial education programs is the effort to insure their sustainability. The focus of our financial education strategy is on the needs and planning goals of employees and recognition of the on-going changes of those needs and goals as employees move through the stages of their careers. Retirement financial education is not a one-time end-of-career event. In order to be effective it must be a career-long process. Plans should include information about how the education program goals have been incorporated in organizational goals, work plans and performance measures so the programs become standard procedures in benefits administration.

Reporting requirements. Each agency with employees covered by Chapters 83 and 84, title 5 U.S. Code, must submit their agency plan to OPM's Associate Director for Human Resources Products & Services annually by November 1st. The first plan is due November 1, 2007. Plans should be sent to:

Associate Director for Human Resources Products & Services
ATTN: Retirement Financial Education Plans
U.S. Office of Personnel Management
1900 E Street, NW
Washington DC 20415

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