United States
Office of Personnel Management
The Federal Government's Human Resources Agency

Benefits Administration Letter

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Subject: Agency Retirement Financial Education Plans

This Benefits Administration Letter (BAL) updates the guidance on developing a retirement financial education plan for your employees as outlined in BAL 07-102, dated April 23, 2007, and provides information on how the plans will be evaluated. This BAL replaces BAL 07-102.

Background

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, must provide information on how to plan for retirement, and how to calculate the retirement investment needed to meet their retirement goals. The strategy is available at: www.opm.gov/retire/pre/botdg/training/index.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. Retirement Readiness Education is one of the primary roles of benefits officers identified in the Benefits Officers Service Delivery Model (BAL 10-106), dated October 15, 2010. [http://www.opm.gov/retire/pubs/bals/2010/10-106.pdf]

The retirement financial education 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.

OPM's 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 and is based on a model called Retirement Readiness NOW. Retirement readiness is more than just calculating how much money is needed in retirement. The 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 model 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 retirement planning decisions. It also recognizes that these needs change as a person moves through his or her career.

Retirement Readiness NOW takes a total balanced approach to planning that covers:

- Networking & Engagement – finding enjoyable challenges, and connecting with other people in meaningful activities such as volunteer work or exploring a new career;

- Overall Health – staying as healthy as possible for the duration of your life; understanding the aging process and how best to approach healthcare issues such as preventative and disease treatment; and

- Wealth - preparing financially to have sufficient income to have a sustainable standard of living and lifestyle in retirement.

Retirement readiness is also a dynamic that changes over time. The activities and planning employees should do, such as being aware that they may need to monitor and/or alter their choice of Thrift Saving Plan (TSP) funds during their careers; become pro-active in preventative health care measures; and making decisions with regard to what they will do and where they will live in retirement are all changes made as one moves through life stages.

Agency Retirement Financial Education Plans

Retirement readiness education focuses on educating employees on the need for retirement savings and investment, providing information on how to plan for retirement, and calculating the retirement investment needed to meet their retirement goals. 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. 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. They should not be merely a catalog of activities conducted. The focus should be on why you are conducting the activities and how those activities relate to reaching the agency's goals and objectives.

As you develop the plans consider the steps in moving employees toward the financial education program objectives. Initial stages of programs need to focus on activities that help employees know and understand. As programs mature and employees knowledge increases agency programs should broaden their focus to include planning and actions steps. One framework to use is *Know, Plan, Act*.

Know – activities might include agency education efforts to help employees understand their Federal benefits and how they are an important foundation to successful retirement planning. Providing an annual benefits statement or providing access and training on an online system that allows employees to see the value of the benefits helps them know the value of those benefits.

Plan - activities might include promoting the use of tools like the Federal Ballpark E$timate which lets users set a savings goal and see how they are doing. Other *Plan* activities include developing a spending plan and wellness activities on setting goals for healthy lifestyle changes. The overall purpose of the financial education programs is for employees to act on their knowledge and planning.

Act - activities your plan might focus on include changes in TSP contribution rates, increased participation in flexible spending accounts, and review of personnel records to insure all records are complete and accurate prior to retirement.

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. 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. As these tools are developed they will be available at: www.opm.gov/benefits. 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 E$timate – a savings goal worksheet that will allow employees to estimate how much they need to save to reach their retirement goals.
- Retirement Readiness NOW Tips - Weekly tips on one of the Retirement Readiness NOW dimensions. The tips provide web sites and links you can send to your employees.
- 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, dated October 25, 2006, 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. Similarly, in order to be effective agency retirement education plans must become part of the ongoing agency business processes.

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 Retirement Services annually. Agency plans for 2011 must be submitted by May 13, 2011. Beginning in 2012 plans must be submitted annually by January 15 of each year.

Plans should be sent to:
Associate Director for Retirement Services
ATTN: Retirement Financial Education Plans
U.S. Office of Personnel Management
1900 E Street, NW
Washington DC 20415

They may also be emailed to: benefits@opm.gov . If you email your plan please use *Agency Financial Education Plan* in the subject line.

Financial Education Plans Evaluation
As part of the Benefits Score Card Rating System, the agency plans will be evaluated and rated as Exceptional, Acceptable, or Deficient.

> **Exceptional** - based on your submission, your plan exceeds the basic requirements of a retirement financial education plan. Your plan can be used as a model for others to use and can be demonstrated as a best practice by an agency.
>
> **Acceptable** - based on your submission, your plan meets the basic requirements of a retirement financial education plan. You have submitted supporting information to document your plan covers the four key elements of agency plans.
>
> **Deficient** - based on your submission, your plan does not meet the basic requirements of a retirement financial education plan. Information submitted does not document your plan covers the four key elements for a complete plan. If this rating is given, more information will be requested explaining what information is needed to correct deficiencies.

Summary of Evaluation Criteria
The plans must address the three points below.

1. Agency plans are agency wide and discuss how the agency manages the elements of the program in its components to support the financial education model.
2. The plans discuss the agency's goals and objectives for their retirement financial education program and how the plan will achieve those goals.
3. Plans describe how the retirement financial education program targets employees at three career points: new employees, mid-career, and pre-retirement.

Agency plans must also include a discussion of these four key elements.

Content - What type of information and training are you providing to help employees increase their retirement readiness? What OPM provided tools and other resources are you using to provide information and training on the key dimensions of retirement readiness? What safeguards are in place to make sure financial education activities are informational and educational in nature - not specific financial investment advice?

Delivery - How is the information being delivered to employees? What are the best methods for information delivery to your employee population and why are they appropriate?

Evaluation - Does the plan contain an evaluation plan? Are there measurable goals? What measures are in place to determine your progress toward the plan goals?

Sustainability - Have your education plan and goals been incorporated in organizational goals, work plans and performance measures so the programs become standard procedures in benefits administration?

Review Process

Agency plans and supporting information will be evaluated by raters within 60 days of submission of the plan. OPM's rating and comments will be provided to the agency headquarters benefits officer. Agencies will have 30 days in which to respond and/or improve their plans if they disagree with rating or deficiencies noted. Agencies will be notified of the final rating within 30 days of receipt of the agency comments or revised plans.

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