
March 1999

FEDERAL RETIREMENT

Key Elements Are Included in Agencies' Education Programs





United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-279463

March 29, 1999

The Honorable Carl Levin
United States Senate

Dear Senator Levin:

As you requested in your former capacity as Ranking Minority Member of the Subcommittee on International Security, Proliferation and Federal Services, Senate Committee on Governmental Affairs, this report discusses the retirement education that the Office of Personnel Management (OPM) and agencies provide to federal civilian employees covered by the Civil Service Retirement System or the Federal Employees' Retirement System. Specifically, it identifies OPM and retirement experts' views on the key elements of federal retirement education programs and describes OPM's and agencies' retirement education roles, responsibilities, and practices in the context of these recommended elements.

We are sending copies of this report to the Subcommittee's Chairman, Senator Thad Cochran, and Ranking Minority Member, Senator Daniel K. Akaka; Senator Fred Thompson, Chairman, and Senator Joseph I. Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs; Representative Dan Burton, Chairman, and Representative Henry A. Waxman, Ranking Minority Member, House Committee on Government Reform; and Representative Joe Scarborough, Chairman, and Representative Elijah E. Cummings, Ranking Minority Member, Subcommittee on Civil Service, House Committee on Government Reform. We are also sending copies to the Honorable Janice R. Lachance, Director, OPM. Copies will also be made available to others upon request.

If you have any questions, please call me on (202) 512-8676. Major contributors to this report are listed in appendix III.

Sincerely yours,

Michael Brostek
Associate Director
Federal Management
and Workforce Issues

Executive Summary

Purpose

Federal employees who are covered by either of the government's two major retirement programs could retire with dramatically different benefits depending on whether and how they plan for retirement throughout their careers. Agencies' retirement education programs play an important role in helping federal employees to make well-informed retirement planning decisions. However, little is known about how agencies fulfill this role. Senator Carl Levin, in his former capacity as Ranking Minority Member of the Subcommittee on International Security, Proliferation and Federal Services, Senate Committee on Governmental Affairs, asked GAO to identify Office of Personnel Management (OPM) and retirement experts' views on the recommended elements of retirement education programs and describe OPM's and agencies' retirement education roles, responsibilities, and practices in the context of these elements.

Background

The Federal Employees' Retirement System Act of 1986 granted OPM broad authority to design and implement retirement education programs for federal employees covered by the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). The 1986 Act also created the Federal Retirement Thrift Investment Board to administer the Thrift Savings Plan (TSP). The Thrift Board provides training and information on TSP; however, it is not responsible for providing retirement education for the federal workforce.

At the beginning of fiscal year 1998, CSRS and FERS covered about 2.7 million federal employees, including U.S. Postal Service employees. CSRS currently consists of an annuity and, as of 1987, TSP. Employees with full coverage under CSRS do not receive any government contributions to their TSP accounts and are not covered by Social Security. FERS consists of Social Security, an annuity that is smaller than that provided under CSRS, and TSP with mandatory federal government and voluntary employee contributions. In general, FERS covers employees who entered federal service after 1983, and CSRS covers employees who entered earlier. As of fiscal year 1995, FERS covered slightly more federal employees than CSRS.

To collect OPM and expert views on the recommended elements—that is, the content, presentation formats, and timing—of a retirement education program, GAO interviewed OPM officials and consulted with a group of 15 retirement experts who were experienced with retirement education issues. To collect information on OPM's and agencies' roles, responsibilities, and practices regarding retirement education, GAO interviewed officials at OPM and 12 randomly sampled federal agencies

that had 1,000 or more employees and whose headquarters were within the Washington, D.C., metropolitan area.

Results in Brief

OPM and the experts with whom GAO consulted held generally consistent views regarding the recommended content, presentation formats, and timing of retirement education programs. They believed that these programs should provide employees with information on certain topics, or content such as plan features and financial planning, and that agencies should consider using multiple formats so as to accommodate employees' varying needs. They also believed that such information should be provided early and throughout employees' careers.

OPM provided guidance to agencies on the design and implementation of retirement education programs and supplemented the guidance with educational materials, training, and technical advice for agencies' benefits staff. Agencies, however, had primary responsibility for designing and implementing their programs according to their agency-specific needs.

The retirement education programs of the agencies GAO reviewed generally included those topics recommended by OPM and the experts. In providing retirement education, agencies' officials said that they made information available on a variety of topics, including the specific features of CSRS and FERS, the requirements for maintaining federal health and life insurance benefits in retirement, and financial planning for retirement.

Agencies' officials told GAO that they used a variety of presentation formats to communicate retirement education to their employees. All of the agencies that GAO reviewed provided employees with written educational materials (sometimes in electronic form) that were supplemented with interactive seminars and one-on-one counseling. Agencies provided retirement planning information, but not advice, regardless of the presentation format used.

Agencies' officials also said that they generally provided retirement education to employees during their initial orientation and throughout their careers. All of the agencies in GAO's review sponsored seminars designed for those employees who were nearing retirement eligibility. Moreover, some agencies also sponsored additional seminars that were specifically designed for employees who had approximately 15 years of federal service to encourage employees to begin planning for their retirement earlier in their careers. Agencies also provided one-on-one counseling at any time upon request. Agencies believed that retirement education is a shared responsibility between agencies and employees, and

that employees must ultimately decide for themselves whether or when to seek retirement information.

GAO's Analysis

OPM and Experts Had Generally Consistent Views on Program Design Dimensions

OPM and the experts with whom GAO consulted recommended that agencies design and implement their retirement education programs so as to provide employees with information on certain key topics using multiple presentation formats early and throughout their careers. Agencies' programs, including the support provided to agencies by OPM, were generally consistent with these recommendations.

OPM Provided Guidance and Support to Agencies in Designing and Implementing Their Programs

As part of its governmentwide responsibility and oversight for federal retirement systems and related benefits administration functions, OPM provided general guidance to agencies that included recommendations on the content, presentation formats, and timing included in their retirement education programs. OPM also issued educational materials for agencies' personnel offices as well as employees, sponsored training for agencies' benefits staff, and provided agencies with technical support to resolve case-specific issues. Agencies, however, had the primary responsibility for designing and implementing their retirement education programs.

Agencies Generally Included Content Recommended by OPM and Experts

Agencies reviewed by GAO generally included information in their retirement education programs that was consistent with those topics that OPM and the experts recommended. Specifically, agencies' officials told GAO that they provided descriptive information on the features of CSRS and FERS, the steps that employees must take to continue their health and life insurance benefits into retirement, and financial planning tools and information that employees could use to actively plan for their retirement. Agencies also provided information on how the annuity; TSP; and, for FERS, Social Security components of employees' retirement programs were integrated to provide retirement benefits.

Agencies Used Multiple Presentation Formats

Agencies' officials said that they used a variety of presentation formats to communicate retirement education information to their employees. For example, all of the agencies used written materials that were supplemented by seminars and one-on-one counseling. Agencies reviewed by GAO commonly distributed materials developed by OPM or the Thrift Board, and they generally contracted out for seminars; however, they relied on agencies' staff to provide one-on-one counseling to employees. Some agencies also adopted more centralized and/or automated methods of providing retirement education to improve the consistency and availability of information and use resources more efficiently.

Agencies Provided Retirement Education Early and Throughout Employees' Careers

Agencies' officials also told GAO that they generally provided retirement education to employees during their initial orientation and throughout their careers. Agencies that GAO reviewed continuously provided written publications to employees by establishing self-serve libraries or making information electronically available on Internet Web sites. All of the agencies sponsored seminars that were designed for those employees who were within approximately 5 years of retirement eligibility. To encourage or enable employees to begin planning for retirement earlier in their careers, many of the agencies either allowed employees with less service to attend these preretirement seminars or sponsored additional seminars that were specifically designed for midcareer employees who had approximately 15 years of federal service. Agencies also provided one-on-one counseling to employees at any time upon request. Agencies' officials told GAO they believed that retirement education is a shared responsibility between agencies and employees. That is, agencies were responsible for making information readily available; however, employees were responsible for determining for themselves when and how often to seek retirement information.

Recommendations

GAO is making no recommendations in this report.

Agency Comments

OPM and Commerce provided written comments on a draft of this report, and the Department of Defense and Internal Revenue Service (IRS) provided oral comments. Each agency agreed with the report's contents. OPM added that it is working continually to improve the quality and comprehensiveness of the benefits information that employees receive, and that GAO's findings will be very useful in enhancing the products and services OPM makes available to agencies. OPM's and IRS' additional comments are at the ends of chapters 2 and 3. The other agencies reviewed told GAO that they had no comments on the draft report.

Contents

Executive Summary		2
Chapter 1		8
Introduction	Background	8
	Objectives, Scope, and Methodology	9
Chapter 2		13
OPM's and Experts' Recommendations for Federal Retirement Education Programs	OPM's Views Regarding Program Design and Implementation	15
	Experts' Views Regarding Program Design	16
	Agency Comments	20
Chapter 3		21
Retirement Education Programs Generally Included OPM's and Experts' Recommendations	OPM Provided Retirement Education to Agencies and Employees	21
	Agencies' Retirement Education Programs Generally Included Information Recommended by OPM and Experts	21
	Agencies' Retirement Education Programs Included a Variety of Presentation Formats	21
	Agencies Made Retirement Education Available Throughout Employees' Careers	21
	Agency Comments	21
Appendixes	Appendix I: Retirement Expert Biographies	28
	Appendix II: Comments From the Office of Personnel Management	31
	Appendix III: Major Contributors to This Report	32
Tables	Table 2.1: OPM's and Experts' Views on Recommended Timing and Content for a Retirement Education Program	14

Contents

Abbreviations

AARP	American Association of Retired Persons
CFP	certified financial planner
COLA	cost-of-living adjustment
CPDF	Civilian Personnel Data File
CPP	chartered pension professional
CSRS	Civil Service Retirement System
DOD	Department of Defense
EBRI	Employee Benefit Research Institute
FERS	Federal Employees' Retirement System
FERSA	Federal Employees' Retirement System Act of 1986
HRSA	Health Resources and Services Administration
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
NOAA	National Oceanic and Atmospheric Administration
OPM	Office of Personnel Management
TIAA-CREF Equities Fund	Teachers Insurance and Annuity Association, College Retirement
TSP	Thrift Savings Plan
UFCW	United Food and Commercial Workers International Union
VHA	Veterans Health Administration
VA	Department of Veterans Affairs

Introduction

Background

As federal employees plan for their eventual retirement from government service, they often consider many financial and lifestyle issues. Agency-provided retirement education is generally the primary source of the information that employees need to plan for these issues before they retire. Retirement benefits represent an important portion of total federal compensation and employees often cite these benefits as a primary reason for staying in government service. Thus, agencies also benefit from sponsoring retirement education programs, which allow them to capitalize on their comparative advantage in competitive labor markets as well as invest in the government's human capital.

The Federal Employees' Retirement System Act of 1986 (FERSA) granted the Office of Personnel Management (OPM) and federal agencies broad authority to design and implement retirement education programs for employees covered by the two largest federal civilian retirement programs—the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).¹ Specifically, FERSA authorizes agencies to designate retirement counselors who are responsible for providing employees with benefits information, and mandates that OPM establish a training program for these agency retirement counselors.² FERSA also created the Federal Retirement Thrift Investment Board to administer the Thrift Savings Plan (TSP). The Thrift Board provides training and information on TSP to agency personnel offices and groups of employees upon agency request; however, it is not responsible for providing retirement education for the federal workforce.

CSRS, which was established in 1920, currently includes an annuity and TSP.³ CSRS' annuity predates the Social Security system by several years. When the Social Security system was established, Congress decided that employees in CSRS would not be covered by Social Security through their federal employment. Starting in 1987, employees covered by CSRS may also contribute up to 5 percent of their salary to TSP; however, they receive no government contributions. CSRS was closed to new entrants after December 31, 1983, and, according to OPM actuaries, is estimated to end in about 2070, when all covered employees and survivor annuitants are expected to have died.

¹Approximately 7 percent of federal employees are covered by specialized retirement programs, such as the foreign service or judicial retirement systems.

²Agencies generally referred to retirement counselors and other retirement education staff as benefits officers.

³Employees covered by CSRS may also contribute to a separate voluntary contribution program, which can be withdrawn with interest or used to purchase additional annuity upon retirement.

FERS was implemented in 1987 and generally covers those employees who first entered federal service after 1983. The primary impetus for the new program was the Social Security amendments of 1983, which required all federal employees hired after December 1983 to be covered by Social Security. Thus, FERS includes Social Security, an annuity that is smaller than that provided under CSRS, and TSP. The government automatically contributes an amount equal to 1 percent of salary to TSP accounts for all employees covered by FERS, regardless of whether those employees make any voluntary contributions to their accounts. In addition, employees covered by FERS may contribute up to 10 percent of their salaries, up to the current legal maximum of \$10,000, and receive government matching contributions on the first 5 percent.⁴

At the beginning of fiscal year 1998, CSRS and FERS covered about 2.7 million employees, or 93 percent of the civilian workforce, including U.S. Postal Service employees. As of fiscal year 1995, FERS covered slightly more federal employees than CSRS.

Objectives, Scope, and Methodology

In response to the request of Senator Carl Levin, in his former capacity as Ranking Minority Member of the Subcommittee on International Security, Proliferation and Federal Services, Senate Committee on Governmental Affairs, our objectives in preparing this report were to provide information on

- what OPM officials and retirement experts view as the recommended content, presentation formats, and timing of retirement education programs and
- OPM's and agencies' retirement education roles, responsibilities, and practices in the context of these recommendations.

Because of time and resource constraints, we limited the scope of our review to the education provided to employees covered by CSRS and FERS, who represent the majority of federal civilian employees.

To identify OPM's views on the recommended content, presentation formats, and timing of a retirement education program, we interviewed OPM officials and reviewed OPM's published guidance on how agencies are to design and implement federal retirement education programs. To identify retirement experts' views, we interviewed a judgmentally selected

⁴For the first 3 percent of salary that an employee covered by FERS may contribute, the government contributes \$1.00 for each \$1.00 the employee contributes. For the next 2 percent of salary, the government contributes \$0.50 for each \$1.00 the employee contributes. For the next 5 percent of salary that an employee may contribute, the government contributes nothing.

group of 15 retirement experts using a structured interview that had been pretested and provided in advance. The experts also responded to a close-ended questionnaire. We used a summary of the experts' responses as our principal basis for identifying the recommended content, presentation formats, and timing of a retirement education program. In summarizing the experts' responses to the close-ended questionnaire, we used a super-majority criterion (i.e., agreement on the part of 10 or more experts) to classify a list of 21 potential topics, or content, as (1) essential; (2) recommended, but not essential; or (3) optional. Specifically, we identified a topic as "essential" when 10 or more experts responded that the topic was essential. If the topic did not meet the criterion for being essential, we identified it as "recommended" when 10 or more experts responded that the topic was either essential or recommended. Similarly, if the topic did not meet the criteria for being essential or recommended, we identified it as "optional" when 10 or more experts responded that the topic was essential, recommended, or optional.

To identify candidates who had the appropriate background and experience to serve as retirement experts, we solicited and received nominations from the following eight associations and organizations that specialize in retirement and/or financial planning issues: the American Association of Retired Persons, the Employee Benefit Research Institute, the International Association for Financial Planning, the International Foundation of Employee Benefit Plans, the National Association of State Retirement Administrators, the National Conference of Public Employee Retirement Systems, the Pension Research Council, and the Teachers Insurance and Annuity Association.

For each candidate nominated, we reviewed the biographical information provided by the nominating organization(s). We selected 16 individuals who each had extensive experience with pension or retirement issues and specific expertise on retirement education. The selected experts collectively represented a breadth of professional backgrounds in both the public and private sectors, including academics, unions, financial planning, pension administration, advocacy, financial services, and human resource management consulting. We invited each of the selected candidates to share their views on retirement education, and 15 agreed to do so. Appendix I provides more information on the experts with whom we consulted.

To identify OPM's and agencies' retirement education roles, responsibilities, and practices in the context of the recommendations on program content, presentation formats, and timing, we interviewed

officials representing OPM, the Thrift Board, and 12 randomly selected federal agencies that had 1,000 or more employees and whose headquarters were located within the Washington, D.C., metropolitan area. We used a structured interview that had been pretested and provided to the 12 agencies in advance. We also analyzed documents and data provided by the agencies' officials. We used a summary of the agencies' practices as the principal basis for comparing the actual practices of the 12 agencies with the recommended content, presentation formats, and timing identified by OPM officials and the experts. We did not independently verify agencies' responses regarding the specifics of the content, performance formats, and timing of their retirement education programs. Thus, although we used terms such as "provided" and "sponsored" to describe agencies' practices, we were generally referring to what agencies told us they did.

To develop the sample of agencies for our review, we used information from the spring 1997 Central Personnel Data File (CPDF)—an automated information system that contains individual records for most federal civilian employees and is maintained by OPM. The list of agencies used in selecting this sample included 68 organizations that represented a total of 1,682,391 federal employees who were covered by CSRS or FERS. We stratified the 68 organizations according to size (1,000 to 9,999 employees; 10,000 to 99,999 employees; and 100,000 or more employees) and randomly selected 4 agencies from each group. For the Department of Defense (DOD), our list of 68 organizations included only the Departments of the Army, Air Force, and Navy.

On this basis, we selected the following 12 agencies for review: the International Trade Administration and National Oceanic and Atmospheric Administration (NOAA) of the Department of Commerce; the Bureau of Reclamation of the Department of the Interior; the Internal Revenue Service (IRS), U.S. Customs Service, and U.S. Secret Service of the Department of the Treasury; the Health Resources and Services Administration (HRSA) and the National Institutes of Health of the Department of Health and Human Services (HHS); the Department of Housing and Urban Development (HUD); the Veterans Health Administration (VHA) of the Department of Veterans Affairs (VA); and the Departments of the Navy and Air Force of DOD. The sampled agencies employed about 42 percent of the employees covered by CSRS or FERS from our sampling universe.

As agreed, our analysis did not address the effectiveness of OPM's administration of federal retirement education, agencies' programs, or the

retirement education that individual federal employees might receive. Also, we did not attempt to independently validate the information provided to us by OPM and the 12 agencies. Although we audited the reliability of CPDF data for fiscal year 1996 and found it sufficiently reliable for most governmentwide analyses, we did not update that audit.⁵ However, we are not aware of changes in the way that agencies submit or OPM processes CPDF data that would materially affect the reliability of the data. We used a random sample to have an objective, unbiased sample. However, as a consequence of our small sample size, the retirement education practices described in this report are not generalizable to all agencies that employ 1,000 or more employees and have headquarters in the Washington, D.C., metropolitan area. We are reporting solely on the practices of those agencies we surveyed.

We did our review in Washington, D.C., from January 1998 to February 1999 in accordance with generally accepted government auditing standards.

We requested comments on a draft of this report from the Director of OPM; the Secretaries of the Department of Commerce, DOD, HHS, HUD, the Interior, the Treasury, and VA; the Commissioner of Internal Revenue; or their designees. OPM and Commerce provided written comments. DOD's and IRS' comments were provided orally by the audit liaison and legislative affairs officer, respectively. These agencies' comments are presented at the ends of chapters 2 and 3, and OPM's written comments are reprinted in appendix II. HHS, HUD, the Interior, the Treasury's Customs Service and Secret Service, and VA said they had no comments on the draft report.

⁵See OPM's Central Personnel Data File: Data Appear Sufficiently Reliable to Meet Most Customer Needs (GAO/GGD-98-199, Sept. 30, 1998).

OPM's and Experts' Recommendations for Federal Retirement Education Programs

OPM and the experts with whom we consulted held generally consistent views regarding the recommended content, presentation formats, and timing of retirement education programs. OPM provided guidance to federal agencies on CSRS and FERS administration in its CSRS and FERS Handbook for Personnel and Payroll Offices, benefits administration letters, and other advisory documents. OPM's guidance presented various recommendations regarding the design and implementation of agency retirement education programs.¹ The retirement experts with whom we consulted also provided recommendations regarding the content, presentation formats, and timing of a retirement education program.²

Although the terminology used by OPM and the experts was not identical, we considered the substance of their recommendations regarding content, presentation formats, and timing to be generally consistent. For example, OPM and the experts agreed that new employees need basic information on their retirement system's characteristics, all employees need financial planning information on a periodic basis during their careers, and employees nearing retirement need transition planning information. Table 2.1 summarizes OPM's and the experts' views regarding the content and timing of agency-provided retirement education programs.

¹See CSRS and FERS Handbook for Personnel and Payroll Offices, Chapter 1: Administration and General Provisions, Chapter 40: Planning and Applying for Retirement, and Chapter 83: Self-Evaluation Guide for Agency Administration of Employee Benefits Programs.

²The experts with whom we consulted told us that their recommendations apply equally to public and private sector employers and employees. We did not ask the experts to evaluate or comment on agencies' specific retirement education practices.

Chapter 2
OPM's and Experts' Recommendations for Federal Retirement Education Programs

Table 2.1: OPM's and Experts' Views on Recommended Timing and Content for a Retirement Education Program

	OPM	Retirement Experts
Early career	Plan type	Plan type ^a
	Eligibility requirements	Participation and vesting requirements ^a
	Employee and agency contributions	Employee and agency contributions ^a
	Voluntary contribution program ^b	Investment alternatives and strategies ^a
	TSP withdrawal options ^b	Debt management ^a
	Military or prior civilian service deposits	Disability and survivor insurance ^a
	Designating a beneficiary	
Ongoing education	Financial planning ^b	Plan type ^a
	Annual individual benefits statements	Participation and vesting requirements ^a
	Periodic updates about changes to benefits	Employee and agency contributions ^a
	Military and civilian service deposits	Estimated assets needed to retire
	Effect of divorce or separation agreements	Investment alternatives and strategies ^a
	Voluntary contribution program ^b	Debt management ^a
	Retention of health and life insurance benefits ^b	Tax considerations
		Projected benefit amounts and cost-of-living adjustments (COLA)
		Minimum voluntary retirement dates
		Disability and survivor insurance ^a
		Social Security and Medicare
Preretirement		
5 years before eligibility	Financial planning ^b	New career/Working part-time in retirement
	Retention of health and life insurance benefits ^b	Considering/Planning for relocation
	Effects of deposits/redeposits on service credit ^b	Planning for increased leisure time
	Social Security coverage	
1 year before eligibility	Meeting age and service requirements	
	Survivor benefit considerations	
	Voluntary contribution program ^b	
	Annuity estimates	
	COLAs	
6 months before retirement	TSP withdrawal options ^b	
	Effects of deposits/redeposits on service credit ^b	
	Resolving financial indebtedness to the agency	
	Deciding whether to wave military retired pay	
	Maximum annuity amounts	
No consensus on timing	Medicare eligibility	
		Retention of health/life insurance benefits
		Medigap/Long-term care insurance
		Early/Deferred retirement options
		Withdrawal options
		Inheritance planning
		Deciding when or whether to retire
		Health maintenance

Note: GAO's characterization of OPM's and the experts' views was not intended to be exhaustive, thus the reader should not interpret the absence of a topic in one column to mean that OPM and the experts disagreed on the importance of that topic.

^aThe experts recommended that this topic be covered at multiple points in employees' careers.

^bOPM recommended that this topic be covered at multiple points in employees' careers.

Source: GAO analysis of data obtained from OPM and retirement experts.

OPM's Views Regarding Program Design and Implementation

OPM's views regarding the design and implementation of agencies' retirement education programs were reflected in the guidance and support it provided to agencies. While allowing agencies to exercise broad flexibility in designing and implementing their retirement education programs, OPM recommended that agencies include certain key topics or content, present information through various formats, and educate employees throughout their careers. The CSRS and FERS Handbook served as the principal vehicle for communicating OPM's guidance, and OPM updated that guidance on a periodic basis through handbook revisions and benefits administration letters sent directly to the agencies.

OPM Recommended That Agencies Include Certain Topics in Their Retirement Education Programs

OPM's guidance recommended that federal agencies consider including certain content as part of their retirement education programs. OPM's recommendations were not intended to be exhaustive and agencies were not required to include them in their retirement education programs. OPM's recommended topics included the following:

- plan type, including whether an employee is covered by CSRS or FERS;
- eligibility, including minimum age and service requirements for employees to (1) participate in the plan and (2) retire with full benefits;
- employer and employee contributions allowed or required under CSRS or FERS;
- voluntary contribution program;
- financial planning, including various investment strategies;
- military or prior civilian service deposits, including whether an employee has prior service for which a deposit or redeposit is owed and the effects of payment or nonpayment on an annuity;
- TSP withdrawal options, including when a retiree may begin withdrawing TSP savings as well as the monetary advantages and tax effects of the various withdrawal options;
- annuity estimates;
- divorce or separation, including the potential effect of divorce or separation agreements on retirement benefits;
- designating a beneficiary, including the cost and amount of survivor benefits as well as spousal eligibility for benefits;
- retaining health and life insurance benefits in retirement;

-
- cost-of-living adjustments (COLA), including how retirement benefits will be adjusted periodically for inflation depending on CSRS or FERS coverage; and
 - Social Security and Medicare, including whether employees are covered by these programs and how the programs integrate with their other benefits.

OPM Recommended That Agencies Use Multiple Formats in Their Programs

OPM recommended that agencies include written, interactive, and electronic formats as part of their retirement education programs. For example, OPM recommended that agencies use formats such as pamphlets and brochures, periodic workshops and seminars, Intranet/Internet Web sites, and recorded telephonic information in their retirement education programs. According to OPM, agencies that use multiple educational formats are likely to increase the number of employees that they reach through their retirement education program.

OPM Recommended That Retirement Education Be Provided Throughout Employees' Careers

OPM recommended that agencies provide employees with retirement information at various stages of their career, including: early career, 5 years before retirement eligibility, 1 year before retirement eligibility, 6 months before retirement, and 2 months before retirement.³ OPM also recommended that agencies cover certain topics with employees throughout their careers and periodically update information about any changes occurring to federal retirement programs or benefits. Table 2.1 summarizes OPM's recommendations on when agencies may wish to introduce topics to employees.

OPM recommended that agencies identify and invite employees to attend a preretirement seminar within about 5 years before their retirement eligibility and about 1 year before their actual planned retirement. Moreover, OPM believed that agencies should contact employees within 1 year of retirement eligibility and offer those employees one-on-one counseling.

Experts' Views Regarding Program Design

Consistent with OPM's guidance, the retirement experts with whom we consulted recommended specific content, presentation formats, and timing that they considered essential for a retirement education program.

³OPM's guidance regarding the retirement education recommended for employees within 2 months of retirement was focused on procedural guidelines rather than content, presentation formats, and timing.

Experts Regarded Certain Topics as Essential Content for a Retirement Education Program

A super majority (at least 10 of 15) of the experts considered 13 topics to be essential to a retirement education program, while they identified 6 topics as recommended, but not essential, and 2 topics as optional.

The experts identified the following 13 topics as being essential to a retirement education program:

- plan type, including whether an employee is covered by CSRS or FERS;
- participation and vesting requirements, or the amount of time that employees must work before they are eligible to (1) contribute to and (2) own, or become “vested” in, accrued benefits of their plan;
- employer and employee contributions that are allowed and/or required;
- estimated assets needed to retire that reflect individual employee’s desired retirement date, income level, and lifestyle;
- investment alternatives and strategies, including information on the association between investment risk and return, the benefits of saving earlier rather than later, and the importance of diversification across different types of investment vehicles;
- debt management that provides employees with information on how to manage limited resources efficiently and enhance their ability to save;
- tax considerations, including the benefits of saving with pretax versus after-tax dollars;
- retention of agency-provided health and life insurance benefits;
- minimum voluntary retirement dates;
- projected benefit amounts and COLA’s;
- disability and survivor insurance, including how these programs are integrated with their other retirement benefits and any associated costs to employees;
- Social Security and Medicare, including whether employees are covered by these programs, how the programs are integrated with their other retirement benefits, and any associated costs to employees; and
- Medigap and long-term care insurance, that is, insurance designed to provide coverage for medical costs not covered by Medicare or other federal health insurance.

The experts also identified the following six topics as recommended, but not essential, for a retirement education program:

- health maintenance, both before and after retirement;
- early or deferred retirement options, including circumstances under which employees would be eligible to receive reduced retirement benefits

-
- (1) earlier than the minimum voluntary retirement date or (2) later than the time of actual separation from an agency;
- deciding when and whether to retire;
 - withdrawal options, such as taking accrued benefits as an annuity versus as a lump-sum payment;
 - postretirement employment, including information on starting a new career or working part-time; and
 - inheritance planning, including the preparation of wills and other methods of transferring estates to survivors.

Finally, the experts identified the following two topics as optional components of a retirement education program:

- relocation, including whether and where employees might wish to relocate in retirement, and
- planning for increased leisure time.

Experts Recommended That Agencies Use Multiple and Interactive Presentation Formats

The experts believed that agencies should avail themselves of a broad range of presentation formats in their retirement education programs. For example, agencies could distribute written guidance, such as brochures and newsletters; present information more interactively by sponsoring seminars, workshops, or one-on-one counseling sessions; and/or provide information upon request by establishing electronic systems, such as Intranet/Internet Web sites and recorded telephonic response systems. The experts believed that each presentation format has its advantages and disadvantages. Moreover, no one format would be optimal for communicating with all employees, because individual learning styles vary.

The experts also believed that each individual employee's need for information on a specific retirement education topic at any given point in their career is influenced by multiple demographic factors, including their age, marital status, knowledge of financial planning concepts, years until they are eligible or plan to retire, and health status. Thus, agencies are challenged with designing a retirement education program that can meet the needs of all their employees over their entire careers. The experts recommended that agencies focus on their employees' needs when selecting which presentation formats to include in their programs.

To address individual employee learning styles and content needs, the experts recommended that agencies design their retirement education programs to include multiple and interactive formats to the extent possible. Specifically, they viewed one-on-one counseling and seminars as the optimal methods of presenting retirement education. Although these

options represent the most costly methods of providing such information, the experts told us that both formats allow agencies to expose employees to a broad range of topics that employees then can pursue further on an as-needed basis. Moreover, employees benefit from being able to get direct and immediate responses to any questions they may have. The experts told us that one-on-one counseling represents the most customized source of information for employees; however, seminars allow for group interactions that may enrich the information available to employees.

To better meet the individual content needs of different employees, the experts recommended that agencies choosing to use seminars or workshops should do so by offering customized sessions for specific groups, or segments, of their workforce. For example, agencies might provide seminars that are targeted to employees at different career stages, such as early career, midcareer, and preretirement. Agencies then could target their content to include those topics that are most relevant to the attending group of employees. This approach would also provide employees with the opportunity to attend seminars periodically throughout their careers.

The experts told us that written materials also play an important role in retirement education. These materials, which can be provided in paper or on electronic Web sites, allow agencies to provide consistent and detailed information to all employees in a cost-efficient way. Employees can use such reference materials as often as they like and at their convenience. However, many of the experts with whom we consulted did not recommend that agencies rely on written materials as their primary presentation format because employees may too readily ignore, file, or throw away such materials. In particular, the experts said that younger employees may regard information on retirement planning as something to which they need not devote much attention.

Experts Recommended That Agencies Introduce Retirement Education Early and Often in Employees' Careers

The experts recommended that agencies introduce many of the topics identified as essential early within employees' careers. The experts also recommended that agencies update their employees on this information on a regular basis throughout their careers—approximately once every 1 to 5 years. The table at the beginning of this chapter (see table 2.1) summarizes the experts' recommendations regarding the content that agencies may wish to present at various times in employees' careers.

The experts recommended that agencies introduce basic plan information to employees within their first year of employment. Additionally, the experts recommended that agencies update employees regularly (i.e.,

continuously or at least once a year) on many of the topics that the experts identified as essential, recommended, or optional after the topics have first been introduced. The experts also recommended that agencies introduce information on minimum retirement dates to employees more than 5 years before they are eligible for full retirement benefits and information on postretirement employment, relocation, and planning for increased leisure time late in employees' careers.

The experts told us that all employees need information early and often during their careers, regardless of whether they are covered by CSRS or FERS. However, the focus or content of agency-provided information to employees may need to be tailored to address the unique aspects of each retirement system. For example, the experts told us that it is particularly important for employees covered by FERS to understand the level of allowed contributions to their TSP accounts, the amounts of agency matching contributions that are available, the risk and investment returns associated with each available investment alternative, and the benefits generally associated with beginning to contribute to TSP early in one's career. While employees' decisions have a limited impact on the amount of their future annuities from CSRS and FERS, employees may benefit from receiving information early in their careers on such topics as the future projected value of their annuities, vesting requirements, and available withdrawal options. Employee decisions made with or without information on such topics could affect the amount of an employee's future retirement benefits.

Agency Comments

OPM, Commerce, DOD, and IRS agreed with our findings. In its written comments (see app. II), OPM added that it was gratified that there is agreement among our retirement experts, OPM, and agencies on the makeup of retirement education programs. OPM said it was working continually to improve the quality and comprehensiveness of benefits information employees receive and that our findings would be very useful in its efforts to enhance the products and services it makes available to agencies. IRS similarly indicated agreement with OPM's and our experts' recommendations and said that it would consider them in contemplating whether improvements could be made regarding the education provided early within employees' careers.

Retirement Education Programs Generally Included OPM's and Experts' Recommendations

OPM and the agencies we surveyed both played a role in providing retirement education to federal employees covered by CSRS and FERS. As part of its governmentwide responsibility for federal retirement systems, OPM supplemented the guidance it provided to agencies on the design and implementation of retirement education programs by developing educational materials, sponsoring training, and providing technical advice to agencies' benefits personnel.

Agencies, which had primary responsibility for developing retirement education programs, generally provided information to employees on topics such as the basic features of CSRS and FERS and financial planning issues for retirement, which were recommended by OPM and the retirement experts with whom we consulted. The agencies distributed this information to employees using a variety of written, interactive, and electronic presentation formats that were available throughout employees' careers, also as recommended by OPM and the experts.

OPM Provided Retirement Education to Agencies and Employees

In addition to providing agencies with guidance on how to design and implement their retirement education programs (see ch. 2), OPM also provided educational materials and other support to agencies' benefits officers and federal employees. Specifically, OPM developed educational materials that updated agencies on any changes in the law or regulations affecting retirement programs and that agencies could distribute directly to federal employees as part of their programs. OPM also supported agencies by sponsoring training and providing technical assistance to resolve case-specific issues for benefits staff.

OPM published retirement education materials that agencies could distribute to federal employees or use as guidance in developing their own customized program materials. These materials included brochures and pamphlets as well as videos and CD-ROM programs that provided detailed information on federal retirement programs, such as retirement eligibility requirements, annuity formulas, TSP contribution limits, requirements for maintaining health and life insurance in retirement, and survivor benefits. Agencies and employees could also access OPM's Web site for retirement information and links to other related Web sites, such as the Thrift Board's site for TSP participants.

Although OPM indicated in its guidance that supplying retirement education to employees is primarily an agency role, officials told us that they supported agencies' efforts in these ways to help agencies cope with increased workloads and to allow agencies' staff to devote more time to such activities as providing one-on-one counseling. For example, during

the 1998 open season, when employees covered by CSRS could elect to transfer to FERS, OPM provided agencies with detailed information on the specifics of each retirement program, frequently asked questions and answers for individuals considering whether to transfer to FERS, and a computer model that allowed agencies to project what an individual's benefits might be, given different scenarios.

Consistent with statutory requirements, OPM also supported agencies' retirement education programs by providing training for benefits officers on a periodic basis. Specifically, OPM sponsored quarterly meetings of the interagency network for retirement and insurance, an annual Fall Festival of Training, an annual benefits officer conference, and other training courses on an as-needed basis throughout the year, all of which provided agencies' personnel with both training and networking opportunities.

In support of agencies' retirement counseling services, OPM provided expert advice and assistance on specific technical issues or cases. OPM officials told us that they have also provided direct support to certain agencies during times of unusual requirements, such as when OPM staff helped to facilitate the delivery of federal retirement and insurance benefits to those employees and survivors affected by the Oklahoma City bombing in 1995. At the time of our review, officials told us that OPM was developing a benefits service center that would augment agencies' retirement education programs by providing benefits officers and individual employees with customized benefits and retirement information and counseling.

Most of the agencies that we surveyed indicated that OPM was effective and timely in communicating retirement information and benefits changes to a great or very great extent. Moreover, OPM officials told us that they conducted a customer satisfaction survey in fiscal year 1998 that included all agencies' human resources directors and a sample of agencies' benefits officers. They told us that the results of this survey indicated that agencies generally rated OPM guidance materials as excellent and were highly satisfied with OPM's efforts to share information and provide technical assistance.

Agencies' Retirement Education Programs Generally Included Information Recommended by OPM and Experts

The retirement education programs of the agencies we surveyed generally included those topics recommended by OPM and the experts with whom we consulted. For example, agencies' officials told us that they included information on the basic features of CSRS and FERS, financial planning for retirement, and maintaining federal health and life insurance in retirement. Agencies also provided information to employees on whether and/or how Social Security would contribute to their retirement benefits, particularly for those employees who were covered by FERS. Officials said that agencies provided retirement planning information, but not advice, regardless of the topics included.

Agencies we surveyed provided their employees with information on a variety of topics related to the basic features of CSRS and FERS. For example, agency materials that we reviewed typically included information on participation and vesting requirements for both the annuity and TSP components of each retirement system, required and voluntary contributions made by agencies and/or employees, minimum age and service requirements for full retirement benefits, as well as survivor and disability insurance benefits.

In addition to this descriptive information on federal retirement benefits, the agencies also typically provided information that their employees could use to plan for their future retirements. For example, agencies commonly provided employees with information on their projected future benefits, tools for determining what level of assets might be needed in retirement, and general investment strategies for accumulating additional assets if desired.

Because federal employees covered by CSRS and FERS are eligible for continued health and life insurance benefits in retirement, agencies we surveyed emphasized the importance of maintaining these benefits in their retirement education programs. For example, the agencies informed employees that they generally must be enrolled in the federal health and life insurance benefits programs for the full 5 years immediately preceding their retirement to qualify for these benefits. The agencies also provided information on how employees could provide these benefits for their survivors if they so choose.

Agencies' officials told us that they also included information in their retirement education programs on how Social Security is integrated with federal annuity and TSP benefits. This information is particularly important to those employees covered by FERS, because Social Security represents one of the three components of their retirement plan. Agencies

likewise provided information on Social Security to employees covered by CSRS, because a portion of these employees may also be eligible for full or reduced Social Security benefits on the basis of their spouses' work histories, work they did before joining the federal workforce, and/or work they plan on doing following their retirement from federal service.

Agencies' Retirement Education Programs Included a Variety of Presentation Formats

Consistent with OPM and expert recommendations, the officials representing the agencies we surveyed told us that they used a variety of presentation formats in their retirement education programs, including written publications, interactive formats such as seminars and one-on-one counseling, and electronic formats such as Web sites and automated systems.

Agencies we surveyed used numerous publications, such as brochures and newsletters, to provide detailed information to employees on their retirement plans and issues to consider in planning for their retirement. Although a few agencies generated some of their own customized materials, the agencies we surveyed generally used written materials made available by OPM or the Thrift Board. According to the agencies' officials, these materials were convenient and high-quality sources of information for employees. Agencies also used Web sites to make many of these publications more readily available.

Agencies' officials said that they supplemented their written reference materials by using more interactive formats, in particular, seminars and one-on-one counseling. Agencies offered seminars to expose employees to information on a wide variety of topics, which employees could then individually pursue in more detail as needed or desired. When employees requested one-on-one counseling sessions, agencies provided employees with highly customized retirement planning information, including benefits decisions that needed to be made at retirement and the specific steps needed to apply for retirement. To ensure that employees received expert information on a wide range of topics, agencies we surveyed generally contracted out for seminars. However, the agencies did not contract for one-on-one counseling. Agencies' officials told us that their staff were best able to provide counseling to employees, because they had access to employees' personnel records, were well-informed on the inherent complexities of the federal retirement programs, and were in a position to take personnel actions on behalf of employees, if necessary.

Agencies we surveyed also used a variety of electronic media to further distribute retirement education to their employees, including videos, telephone response systems, Intranet/Internet Web sites, and computer

simulation models. For example, several agencies' officials told us that they videotaped their retirement seminars (1) to make these sessions available to geographically dispersed employees who might otherwise be unable to attend and/or (2) allow employees to view the seminars multiple times at their convenience. The agencies also commonly provided retirement information using Web sites that included links to other federal sources of retirement information, including OPM, the Thrift Board, and the Social Security Administration.

The Air Force, IRS, and HUD also used a centralized and automated call center to provide retirement information to geographically dispersed employees in a manner that they considered to be consistent and cost efficient. Each of these agencies used an interactive system that allowed employees to access a variety of personnel information, including retirement education, by calling a toll-free telephone number. In addition to prerecorded information, employees could reach a benefits counselor who had access to individual personnel records and could provide answers to specific questions. Agencies' officials said that these centralized and more automated systems were developed in response to downsizing that resulted in the agencies having fewer personnel staff available to provide retirement education to employees. Other agencies, including HRSA and VHA, told us that they were considering adopting a similar approach. OPM officials believed that such systems are likely to become more common across the federal service.

Agencies Made Retirement Education Available Throughout Employees' Careers

Consistent with OPM and expert recommendations, the agencies we surveyed made retirement education available continuously throughout employees' careers. Agencies' officials told us that they view retirement education as a shared responsibility between the agencies and employees. That is, agencies were responsible for making such information readily available; however, employees were also responsible for determining when and how often to seek this information.

Agencies' officials told us that they provided brochures and other written retirement education materials to employees early in their careers as a part of new employee orientations. Written materials were then provided periodically on an as-needed basis. For example, agencies' officials told us that they provided their employees with revised publications during the 1998 CSRS to FERS open season. The agencies' officials also told us that their payroll offices mail annual benefits statements to employees that contain information on benefits earned to-date and their projected future value at the time of retirement eligibility. Agencies also provided publications on a self-serve basis using centralized benefits resource

centers/libraries and/or posting these documents on their retirement Web sites.

All of the agencies we surveyed sponsored retirement seminars that were designed for employees who were approximately within 5 years of being eligible to retire. However, several agencies' officials told us that employees who had more than 5 years before becoming eligible were also allowed to attend these seminars, space permitting. Moreover, five of the surveyed agencies (i.e., the Air Force, NOAA, the Bureau of Reclamation, HRSA, and Customs) sponsored separate midcareer seminars that were designed to address topics most relevant to employees with approximately 15 years of federal service. These agencies' officials told us that they provided these additional seminars because they felt that attending a seminar for the first time at 5 years before retirement might be too late to allow some employees to fully prepare for retirement when they first become eligible. Thus, many federal employees had the option of taking more than one retirement seminar during their careers.

Finally, the agencies we surveyed made retirement education available to employees throughout their careers using a variety of other formats, including the Web sites and automated information systems we previously discussed. All of the agencies we surveyed told us that one-on-one counseling was available to employees at any point in their careers upon request.

Agency Comments

OPM, Commerce, DOD, and IRS agreed with our findings. In its written comments (see app. II), OPM said it believes very strongly that employees should receive information about their benefits regularly throughout their careers so that retirement is simply the culmination of a long planning process. OPM also commented that it is very important to make information available in a variety of ways to meet the varying needs of both employing agencies and their employees. IRS said that it is currently delivering preretirement and ongoing education programs that generally include the information recommended by OPM and our retirement experts, and that it may consider whether improvements could be made to the education provided to employees early in their careers.

Retirement Expert Biographies

David Blitzstein is the Director of the Office of Negotiated Benefits at the United Food and Commercial Workers International Union (UFCW). He is also a Trustee of the UFCW Industry Pension Fund and the UFCW National Health and Welfare Fund. Mr. Blitzstein serves as a member of the National Coordinating Committee for Multiemployer Plans and the Employee Benefit Research Institute and as Director of the National Commission for Quality Assurance.

Madeleine d'Ambrosio is Vice President of Education and Financial Support Services at Teachers Insurance and Annuity Association, College Retirement Equities Fund (TIAA-CREF). Ms. d'Ambrosio is a Certified Employee Benefit Specialist whose responsibilities at TIAA-CREF have included training, financial guidance and advice, and the development of educational seminars. She is a member of both the National Association of Women in Education and the Financial Women's Association.

Rick Garnitz is President of LifeSpan Services, Inc. Mr. Garnitz works directly with corporations, multiemployer plans, unions, and the public sector in the development of employee midlife planning and preretirement planning. He has also taught marketing and management at Georgia State University in Atlanta.

Patricia P. Houlihan is a Certified Financial Planner (CFP) at Cavill and Company. Ms. Houlihan serves on the Board of Governors of the CFP Board of Standards and is a member of the International Association for Financial Planning. She has also served as an adjunct professor in the College for Financial Planning at George Washington University.

John E. Lawson has been the Executive Director of the Houston Police Officers Pension System since 1994. Mr. Lawson is a retired police sergeant who has previously worked as a financial consultant for Merrill Lynch. He is currently a member of the Texas Association of Public Employee Retirement Systems, the National Conference on Employee Retirement Systems, and the Association for Investment Management and Research. Mr. Lawson is a CFP and a Chartered Pension Professional (CPP).

Olivia S. Mitchell is the Executive Director of the Pension Research Council at the Wharton School of the University of Pennsylvania. Also at the Wharton School, Ms. Mitchell is a Professor of Insurance and Risk Management and a Senior Fellow at the Wharton Financial Institutions Center and the Leonard Davis Institute. Ms. Mitchell is a Research Associate at the National Bureau of Economic Research as well.

Diane Oakley is Vice President of Associations and Government Relations at TIAA-CREF. Ms. Oakley has spent much of her career directly counseling colleges and universities on all aspects of their employee benefit programs. She is the Chair of the Education Committee of the American Savings Education Council, a member of the Working in Employee Benefits, and a member of the Secure Retirement Coalition. Ms. Oakley holds a M.B.A. in Finance from Fordham University.

Martha Priddy Patterson is Director of Employee Benefits Policy and Analysis at KPMG Peat Marwick. Ms. Patterson conducts and authors the annual survey Retirement Benefits in the 1990s. She is also the author of the book entitled The Working Woman's Guide to Retirement Planning: Saving and Investing Now for a Secure Future. Ms. Patterson is a member of the District of Columbia, Texas, and Virginia state bars, as well as the U.S. Supreme Court bar and local federal bars.

Louise Piazza is a Senior Program Specialist for Economic Security/Work Issues at the American Association of Retired Persons (AARP). In this capacity, Ms. Piazza manages and develops program materials for retirement planning and financial planning programs. Additionally, Ms. Piazza has led AARP research efforts on retirement savings behavior.

Carlos Resendez is the CEO of the Resendez Group. Mr. Resendez has served as the Executive Director of the National Conference on Public Employee Retirement Systems, the Executive Director of the Texas Permanent School Fund, the Executive Director of the San Antonio Fire and Police Pension Fund, and the Chairman of the Public Pension Coordinating Council.

Dallas L. Salisbury is President and CEO of the Employee Benefit Research Institute (EBRI)—a nonprofit organization that conducts independent public policy research and education on economic security and employee benefits. Mr. Salisbury's past experience includes work as the Assistant Executive Director for policy at the Pension Benefit Guaranty Corporation and the Assistant Administrator for Policy and Research at the Pension and Welfare Benefits Administration of the U.S. Department of Labor.

Donald H. Sauvigne is the Program Director of IBM Corporation's Retirement and Capital Accumulation Program. As program director, he manages the design and administration of IBM's retirement programs. Mr. Sauvigne is a member of the ERISA Industry Committee's Board of Directors, a Trustee of EBRI, a member of the Board of Trustees for the

Council on Employee Benefits, and a founding member of the American Savings Education Council.

Robert C. Toomey has been the Director of the South Carolina Retirement Systems since 1996. Mr. Toomey is Chairman of the Deferred Compensation Commission, a member of the Executive Committee of the State Quality Network, and a member of the Board of Regents of the South Carolina Executive Institute. He earned his M.B.A. from Cornell University and his Ph.D. in Finance from the University of South Carolina.

Mary Most Vanek has served as the Executive Director of the Public Employees Retirement Association of Minnesota since 1997. Ms. Vanek has spent her career working on pension policy development and analysis, plan design, and retirement education and counseling. Ms. Vanek is a member of the National Preretirement Education Association.

James O. Wood, Esq., is Executive Director of the Louisiana State Employees' Retirement Systems. Mr. Wood is a Certified Compensation Professional, Senior Professional of Human Resources, and Certified Public Manager. He also serves on the U.S. Department of Labor ERISA Advisory Council. Mr. Wood holds a J.D. in ERISA studies from Loyola University.

Comments From the Office of Personnel Management



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001

OFFICE OF THE DIRECTOR

FEB 23 1999

Mr. Michael Brostek
Associate Director, Federal Management
and Workforce Issues
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Brostek:

Thank you for the opportunity to comment on your draft report, *Federal Retirement: Agencies' Education Programs Generally Included OPM's and Experts' Recommendations*.

We are very pleased that your findings validate the work that Federal agencies and OPM are doing to educate employees about their benefits. As the report indicates, we believe very strongly that employees should receive information about their benefits regularly throughout their careers so that retirement is simply the culmination of a long planning process. We also think it is very important to make information available in a variety of ways to meet the varying needs of both employing agencies and their employees.

It is gratifying that your work finds that there is congruence among a group of retirement experts, OPM, and agencies about what ought to be, and is, in retirement education programs that agencies offer to their employees. We are also working continually to improve the quality and comprehensiveness of the benefits information that employees receive. Your findings will be very useful to us as we work to enhance the products and services we make available to agencies.

Sincerely,

Janice R. Lachance
Janice R. Lachance
Director

CON 131-84-4
September 1993

Major Contributors to This Report

General Government Division, Washington, D.C.

Larry H. Endy, Assistant Director,
Federal Management and Workforce Issues
Jennifer S. Cruise, Assistant Director,
Federal Management and Workforce Issues
Jeffery A. Bass, Evaluator-in-Charge
Gregory H. Wilmoth, Supervisory Social Science Analyst
Charlesetta M. Bailey, Senior Evaluator
Thomas C. Fox, Evaluator
Rebecca Shea, Social Science Analyst

Office of the General Counsel, Washington, D.C.

Alan N. Belkin, Assistant General Counsel
Robert J. Heitzman, Senior Attorney

Acknowledgement

Margaret T. Wrightson, currently GGD's Associate Director of Tax Policy and Administration Issues, and Stephen M. Schmal, GAO's Chief of Personnel's Employee Relations and Retirement Branch, also contributed to this report.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Order by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touch-tone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

Bulk Rate Postage & Fees Paid GAO Permit No. G100

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

