PENSION BENEFIT DETERMINATIONS COURSE

Front End Analysis Report

Developed for the Pension Benefit Guaranty Corporation

Note:

This document is based on an actual project. Information about the prime contractor and specific individuals at PBGC has been changed. "Acme Prime Contractor" is a fictional name, as are names of computer systems used here.

The analysis, report, and recommendations are essentially the same as those delivered to PBGC. This document is intended as a sample of work I've performed.

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Front-End Analysis for PBGC Benefit Determination Training

Table of Contents

Front-End Analysis for PBGC Benefit Determination Training

Executive Summary

For the Pension Benefit Guaranty Corporation (PBGC), Acme Prime Contractor ("Acme PC") conducted a front-end analysis of Processing Benefit Determinations ("the current course"), which trains Pension Law Specialists (PLSs), Pension Benefit Administrators (PBAs), and Field Benefit Administrators (FBAs) to issue benefit determinations. (This report uses "PLS" to represent all three jobs, except where a distinction is necessary.)

The goal of a front-end analysis is to identify ways to improve on-the-job performance. The goal of Acme PC's analysis was to determine what the PLS does on the job, and to use that information to decide how best to revise the current course. A major question was whether the revised course should retain its instructor-led, classroom-based format, or would combine online learning, classroom learning, and possibly other formats.

<u>We strongly recommend a blended course.</u>

Many tasks in the PLS job, and many underlying concepts, are well suited for self-directed approaches like online learning. Such treatment can mesh well with traditional, instructor-led formats.

<u>We recommend a major reworking of content and of training strategies.</u>

At the outset, PBGC anticipated that the current course would need significant changes, regardless of delivery format. Acme PC's research confirms this.

In particular, we recommend increased emphasis on tasks the PLS must perform <u>before</u> selecting participants for a particular benefit determination letter. Interviewees used language like "this is the heart of the job" when talking about entering participant information, working with source documents, and resolving omissions, errors, and discrepancies.

<u>We recommend extensive use of realistic data, documents, computer systems, and reports—either the actual tools, or else carefully designed facsimiles—for training and for practice.</u>

In the current course, the new PLS sees few examples of documents, systems, or reports essential to making benefit determinations. An effective revision will make use of relevant examples, and the PLS will practice working with them in real-life situations.

Instructor-led training should take a hands-on, workshop approach. For critical tasks, training support should include self-paced practice or online job aids—for example, to decode and interpret reports.

Front-End Analysis for PBGC Benefit Determination Training

<u>We recommend designing the proposed course to support typical classroom delivery and also one-on-one delivery.</u>

> To deal proactively with PBGC's dispersed workforce and likely future workload, Acme PC would develop materials so that individual locations could train in small groups or even one-on-one, relying on a supervisor or other mentor when a more traditional classroom setting would be impractical.

<u>We recommend collecting, evaluating, and putting to work best practices from across the workforce.</u>

> Our interviews indicate a high level of skill and a genuine desire to serve PBGC's clients efficiently and effectively. We believe individual locations, both in Washington and in the field, have developed tools and techniques to make their work more productive. Some also have ideas for improvements.

> PBGC can capitalize on such skill and use the course revision as a vehicle to embed its best practices throughout the organization.

Given these recommendations, the proposed objectives and topics emphasize results that the PLS produces in each stage of the benefit determination process.

Front-End Analysis for PBGC Benefit Determination Training

The Process

With the cooperation of Jane Doe, manager of development, and others at PBGC, Acme PC reviewed the instructor manual for the current course. We also conducted thirteen interviews—four with managers (two in Washington DC, two in the field), and nine with PLSs and FBAs.

After examining the instructor guide, we arranged for a lengthy session with a PLS to learn the overall benefit determination process. We followed an iterative process of discussion, analysis, summary, clarification, and confirmation.

To focus our interviews, we developed a process map, which we revised extensively with the collaboration of interviewees. A summary of that map appears as Appendix A; Appendix B shows the organizational structure for benefit determination letters.

Data from the interviews, together with our analysis, led to the details in this front-end analysis.

Current Performance and the Current PBD Course

Interviews with managers and individual contributors suggest that current PLSs perform effectively. They understand the process and work diligently at identifying and issuing benefit determinations. Incumbents, most of whom have been on the job some time, work on plans of all sizes, making benefit determinations and moving plans toward closure. PBGC is moving toward its goal of reducing overall case time from three years to two.

Both in Washington and the field, we found low turnover. Moreover, many people hired as PLSs already have a relationship with PBGC—often they've worked elsewhere in the organization, and take the opportunity to move into the PLS/PBA/FBA role.

Interviewees agree that growth in the PLS/PBA/FBA ranks will occur primarily in the field offices (i.e., most new jobs will be FBAs rather than PLSs or PBAs), which complicates the problem of delivering consistent, timely training.

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The current classroom-based course calls for 10 hours of instruction. The explicit goal is to give "PBGC professionals the knowledge, skills, and tools to process and issue benefit determinations."

Analysis of the instructor guide suggests the course focuses more on subject matter than on performance. For example, the course provides only two practice exercises. Lessons spend time discussing how one computer system interacts with another, with little explanation of how this relates to the PLS's task. One drawback of such a subject-matter focus is that it often fails to make clear what the learner *accomplishes.*

As an example (not taken from the current course), a lesson with subject-matter focus will often concentrate on the internal aspects of a computer application: "Topic 3: The RARE System." A performance-based lesson will concentrate on what the learner

produces and how he produces it: "Topic 3: How to Calculate Overpayments and Underpayments."

The point is that on the job, any computer system is a tool; what's important is the job it supports and the accomplishments it makes possible.

The goal of a performance-based lesson is to have the learner produce a particular result. That in turn determines the content of the lesson—in this example, the facts, concepts, and procedures the PLS needs in order to produce accurate calculations.

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Interviews indicate the course is not readily available when needed, particularly in field locations. The main form of training in field offices, which issue the bulk of benefit determinations, appears to be a combination of job shadowing and individual work under the eye of an experienced coworker or supervisor.

We found no evidence of support for such mentors—e.g., no checklists or sequences to follow. Instead, they rely on their expertise and experience.

This approach can lead to inconsistencies both in emphasis and in procedure. For example, interviewees disagreed about the use and value of various reports. In terms of performance data, we found no evidence of systems for providing specific, detailed feedback to the individual PLS. The most widely used measures were extremely broad, such as the ratio between letters issued and total number to be issued.

Acme PC found instances where systems are not integrated, a situation known to PBGC that greatly complicates the PLS's job. We also found what seemed inefficient practices, and some with a high probability of error—such as a PLS writing down data from one system, then entering the handwritten information into another system.

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The current course provides little opportunity for practice and feedback, outside of two exercises in one lesson.

In informal mentoring, a common approach is to say something like "look over these names and find the ones that have missing data; come back and tell me what's missing." Neither the course nor the mentoring seem to allow for independent, low-risk practice, such as with "participant data" based on real-world examples but which the PLS could manipulate without adversely affecting an actual plan.

Front-End Analysis for PBGC Benefit Determination Training

The Proposed Course: Goal and Objectives

The current course has this goal:

> **To give PBGC professionals the knowledge, skills, and tools to process and issue benefit determinations.**

For the revised course, Acme PC uses this goal:

> **To enable PBGC professionals to make and issue benefit determinations.**

This seemingly small change stresses performance: when PLSs complete the revised course, they haven't simply absorbed knowledge, they've practiced *producing* timely, accurate determinations—and they've performed the subsidiary tasks that lead to this outcome.

We believe this goal underscores the approach we recommend: begin with the result that the PLS delivers, then train in the details of steps, inputs, and systems used to produce that outcome. Throughout the course, we will move from the big picture (working through the entire benefit determination process), to a specific task (e.g., making early benefit determinations), to how to accomplish that task.

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The current course's objectives, as stated in the instructor guide, range from high level to extremely specific:

- Recognize the importance of why benefit determinations are issued

- Determine the steps required to issue a benefit determination

- Describe the importance of various reports and how to use them to correctly issue benefit determinations

- Determine when and how to use ALGS
  (the Automatic Letter Generation System)

- Determine a proper order of issuance for the benefit determinations

- Determine when to issue a revised benefit determination

- Describe the purpose of RARE and when to use it (recovery/recoupment)

- Describe the purpose, limitations, and how and when to use ValPatch

Front-End Analysis for PBGC Benefit Determination Training

Our proposed course objectives focus on high-level requirements.

- Describe the major processes involved in managing a plan, from pre-trusteeship through case closure

- Participate in plan-assumption processes

- Administer the plan during the estimated period

- After valuation, issue benefit determinations
    - Resolve discrepancies; revise data as required
    - Identify categories
    - Generate letters

- Manage the case closure process

As part of developing the course, we would create for each module its own more specific objectives linked to these course objectives.   The next section of this report discusses likely content.

Front-End Analysis for PBGC Benefit Determination Training

The Proposed Course: Content

Without implying a particular sequence at this stage, Acme PC believes the proposed course on Issuing Benefit Determinations should include these components:

- How pensions work, focusing on concepts and terminology related to PBGC's mission

- How PBGC works, explaining at a high level the role of the corporation

- How PBGC manages a plan, touching on all stages from pre-trusteeship through ongoing administration

- Determining benefits: your job as a PLS/PBA/FBA

  - Working on plan assumption

    E.g., team planning, gathering/entering data
    Major outcome: issuing trusteeship letters

  - Administering benefits during the estimated period

    Entering/verifying participant data
    Resolving discrepancies
    Performing cutbacks
    Moving participants to pay status
    Responding to questions
    Major outcome: questions answered; pay status completed

  - Issuing early determinations

    Identify appropriate participant; verify qualifications
    Issue early benefit determinations
    Major outcome: early determinations complete

  - Issuing benefit determinations

    Resolve discrepancies in data
    Identify categories of benefit determinations
    Generate letters for each category
    Following appeal period, adjust benefits
    Major outcome: benefit determinations complete

  - Closing the case

    Resolve outstanding items
    Complete documentation
    Close plan
    Major outcome: plan ready for transfer to ongoing administrator

Front-End Analysis for PBGC Benefit Determination Training

The course would follow a systematic approach. Short conceptual models (those covering pensions, PBGC's mission, and PBGC's processes) would provide a foundation for the subsequent, job-specific modules. Acme PC recommends developing these conceptual modules in an online format.

The remaining, PLS-skill modules lend themselves to treatment either via online or via instructor-led training, or a combination of the two.

("Instructor-led," in this context, could include one-on-one sessions between the new PLS and a supervisor or other mentor. Acme PC proposed developing instructor-led modules with an eye toward delivery via a mentor. Materials would include such support as suggested sequences, examples, practice exercises, suggested feedback, and explanations.)

Process steps, details of procedures, examples, and explanation of principles fit well into an online format; subsequent instructor-led sessions provide for application, practice, and feedback. Completing the online material becomes a prerequisite to the instructor-led material.

Success in either format would come from a goal-oriented approach—"in this stage, your goal is to send a trusteeship letter to every plan participant"—followed by procedures and practice.

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The scope and depth of the proposed course most likely will exceed that of the existing course. Among the reasons for this difference:

- Increased emphasis on tasks other than issuing the actual benefit determination.

Interviewees described several tasks for which the current course allows little if any time. Examples include requesting reports, interpreting reports, taking action based on that interpretation, placing participants into pay status, administering cutbacks, and calculating over- and underpayments.

Managers and experienced PLSs mentioned the difficulty of bringing a new person to competent performance. Acme PC believes a course that addresses the full range of tasks related to benefit determinations, rather than limited to "how to produce letter X," will make the learning curve less steep and reduce the training burden faced by managers and supervisors. Ways to accomplish that include:

- More examples of, and practice with, different types of documents, reports, or job situations.
    - *An illustration, not necessarily part of the proposed course:*

        On the job, the PLS sometimes needs to determine actual length of service. Training might include a sample report on which he needs to recognize that data is missing, a list of available documents and databases for him to consult, examples of specific documents or records with participant information, and practice in calculating service length.

- Integrated practice that applies individual skills in a realistic exercise.

- Development of simulated data for examples, practice, quizzes, and performance tests.

Based on the size and relationship of modules, Acme PC would develop performance tests to integrate the material from modules and provide a measure of the PLS's skill at various stages in the course.

Any online material will satisfy requirements of the Rehabilitation Act of 1973 (Section 508). Acme PC will work with PBGC to meet any technical requirements for reporting and tracking through its learning management system (e.g., SCORM requirements).

Benefits to PBGC

Through a performance-based approach and the blended-learning format, the proposed course will address several issues confronting PBGC:

- Consistency in terms of standards, concepts, and procedures, leading to reliable performance throughout the organization.

- Greater availability of training, providing greater flexibility in delivering training while reducing time-to-competence for the new PLS.

- Opportunity for practice and feedback, enabling the PLS to correct errors and increase mastery.

- Support for instructors and mentors, enabling them to more easily address the needs of the new PLS.

- Performance-based testing, helping the PLS demonstrate mastery while meeting PBGC management and reporting requirements.

Beyond the Scope of the Proposed Course

To make and issue benefit determinations, the PLS works with many tools and computer applications. Acme PC expects to give examples of how the PLS produces benefit determinations through eALG, an automated letter-generation system. However, PBGC and Acme PC agree that the proposed course will specifically **not** include how to use eALG itself. Our understanding is that PBGC will have a separate course for eALG.

Nor will the proposed course provide training for tasks that relate only indirectly to determining benefits. For example, while the course would include examples of documents gathered during plan assumption, it would **not** include instruction on how to gather documents or how to scan them into the Image Processing System (IPS).

The proposed course will the process for handling requests from participants, but **not** topics like telephone technique or interpersonal skills.

Next Steps

The final task for this front-end analysis involves Acme PC meeting with PBGC to discuss reactions to and feedback on this report.

If PBGC so chooses, Acme PC's next task in the project's management plan is to develop lesson specifications based on the agreed-upon recommendations from this report.

The lesson specifications and subsequent courseware development will involve detailed work on the content and goals for the proposed course. Acme PC urges the following steps to make that work more productive:

- Creation of a PBGC project team to provide timely review and approval for objectives, content outlines, student materials, test items, instructor support, and similar deliverables.

- Designation of one or two exemplary performers, perhaps as part of the project team. By exemplary performer, we mean an individual currently performing the PLS job who is seen as highly effective by PBGC. Such exemplars must have the time and expertise to describe a given task in detail, explain considerations, and identify procedures or other resources. They could also find or produce examples to satisfy training needs. (E.g., they could locate or create credible data to satisfy a training need—"We need a list of participants in which at least one has situation X, one has Y, and one has Z…")

- Direct access for Acme PC staff to PBGC systems, data, and reports, to help reduce the burden on the exemplars or other members of the project team.

We also urge PBGC to identify, assess, and promote best practices related to benefit determinations so as to incorporate these into the revised course. Our interviewees told us of techniques they use or tools they'd like to see, all aimed at doing the job more effectively. The proposed course could capitalize on such best practices, helping make them part of how the PLS produces benefit determinations.

Appendix A: Key Stages of the Benefit Determination Process

Assumption Stage		
Action	**Responsibility**	**Output**
▪ Assign TPD case team (team leader, PLS, actuary, auditor, FBA contact for large plans)	TPD mgr	▪ Team assigned
▪ Set team milestones ▪ Plan audit program	Team	▪ Participant data audit (requires several additional steps)

▪ Obtain info on current retirees
  o Obtain payee information from prior pay agent
  o Provide information to actuary
	PLS	▪ Payee info from bank

o Determine when PBGC takes over payments (= DOTR) o Coordinate with prior paying agent	TPD team	▪ DOTR established

▪ Obtain info on non-retired participants
  o Obtain from plan administrator
  o E.g.: date of birth, hire, termination; address
	PLS	▪ Current information on hand

▪ Load data
  o Initially, only name, address, SSN in PRISM
  o Other information loaded as verified
	PLS	▪ Updated name, address, SSN entered

▪ Send trusteeship letters to participants
  o Welcome letter, info package
  o PIF (retirees), GIF (others) to return
	PLS	▪ Letters sent (with accompanying package)

▪ Process replies from participants (PIF/GIF)
  o Replies imaged by DMC (into IPS)
  o SCORE report shows correspondence
  o Enter info into participant database
  o Compare database to PRISM
  o Resolve missing info / discrepancies (E.g., use imaged data to determine correct date of birth; update PRISM)
	PLS	▪ Verified data entered

Appendix A: Key Stages of the Benefit Determination Process

Assumption Stage		
Action	**Responsibility**	**Output**

■ Perform cutbacks
  ○ Adjust benefits to comply with Title IV ERISA
  ○ Adjust to comply with phase-in requirements (limited application of benefit increases within 5 years of DOPT)
	PLS	■ Benefits adjusted

○ Identify individuals subject to cutbacks	Actuary	■ List of individuals
○ Calculate cutbacks	Actuary	■ Calculated amounts
○ Inform individuals affected (Note: no appeal; 30 days' notice)	PLS	■ Individuals notified

■ Adjust payments
  ○ Change data in PRISM
  ○ Obtain internal review/authorization
	PLS	■ Authorized changes completed

○ Transmit to SSB	PLS	■ Transmitted data

■ Administer new retirements (those applying for pay status in estimated period)
  ○ Determine benefit amounts (e.g., plan's normal straight life)
  ○ Place participants into pay status
	Actuary, PLS	■ Estimated benefits determined
		
		■ Individuals placed in pay status

■ Manage inquiries from participants during estimated and valuation stages (E.g., "What will my pension be if I retire on date X?")	PLS	■ Inquires answered

Appendix A: Key Stages of the Benefit Determination Process

Valuation Stage		
Action	**Responsibility**	**Output**

▪ Issue early benefit determination letters
  ○ Identify individuals meeting criteria for early BD
    • May include non-vested participants who will not receive benefits—e.g., a shutdown)
  ○ Issue BD, without benefit statement (benefit guaranteed, no change)
	Auditor
	Actuary
	
	PLS
		▪ List of individuals
		▪ Confirmation of no change
		▪ Early BDs issued

▪ Prepare actuarial valuation
  ○ Actuarial case memo: summary?
  ○ Actuarial case report: details?
▪ Prepare blue book, including "guidance for PLS"
	Actuary
	Auditor
		▪ Valuation document ("blue book"): actuarial case report, instructions to PLS
		▪ Valuation information available in Archive

▪ Load benefit statements into ALGS	OASD	▪ First notice of ADT data load ▪ Second notice of ADT data load

▪ Conduct TPD team meeting
  ○ Review ACM, guidance
  ○ Confirm status of ADT process
	TPD team, PLS	▪ Data reviewed
		▪ Process complete

Appendix A: Key Stages of the Benefit Determination Process

Benefit Determination Stage		
Action	**Responsibility**	**Output**

■ Identify types of BDs needed
   o Identify categories for highest priority (e.g., nonvested, deferred-vested, straight lump sums)
   o Identify other categories
	PLS
	(with team)
		■ Categories identified
		■ BD letters identified

■ For each category, prepare PRISM so data is available for ALG	PLS	■ PRISM data complete
■ For each category, generate letters o Benefit statements will print automatically with ALG-generated letters	PLS	■ Letters and statements produced
■ After 45-day appeal period, for individuals who do not appeal, finalize information (e.g., adjust benefits) o Convert payments to guaranteed level (same, decreased, increased)	PLS	■ Adjustments completed ■ Payments set to guaranteed

Appendix B: Types of Benefit Determination Letters

Retirees and Cash Outs			
Annuities		Lump Sums	
No benefit change			
400	Pre-DOPT retiree/beneficiary	400L	Lump-sum distributions between DOPT and DOTR paid by prior paying agent
400A	Pre-DOPT retiree/beneficiary, monthly payment		
400C	Pre-DOPT retiree/beneficiary, certain annuity		
400D	Pre-DOPT retiree/beneficiary, deceased		
400E	Pre-DOPT retiree/beneficiary, early BDL		
401	Post-DOPT retiree/beneficiary	401L	Post-DOPT lump sum payment by PBGC
401C	Post-DOPT retiree/beneficiary, certain annuity		
401D	Post-DOPT retiree/beneficiary, deceased		
Benefit increase			
402	Underpayment (back payment with interest)	402L	Lump sum underpayment with interest
402C	Underpayment (back payment with interest), certain annuity		
402D	Underpayment (back payment with interest), deceased		
402LBR	Underpayment, large back payment w/interest, rollover		
402NPB	Underpayment, no back interest, less than $1.00		
Benefit decrease			
403	Overpayment, recoupment	403L	Overpayment, recovery
403C	Overpayment, recoupment, certain annuity		
403D	Overpayment, deceased		
403DRW	Overpayment, deceased, $10,000 or less, waived		
403RNE	Overpayment, recovery non-entitlement, first demand	403LRNE	Overpayment, recovery non-entitlement
403RNEW	Overpayment, recovery non-entitlement waived, $500 or less	403LRNEW	Overpayment, recovery non-entitlement waived, $500 or less,
403W	Overpayment of $500 or less waived	403LW	Overpayment of $500 or less waived
403WC	Overpayment of $500 or less waived, certain annuity		

Appendix B: Types of Benefit Determination Letters

Non-Retirees (deferred)			
Annuities		Lump Sums	
Deferred vested			
404	Deferred vested participant	404L	Deferred vested lump sum ($5,000 or less; choice of annuity)
		404L$200	Deferred vested lump sum (less than $200 with interest)
Non-entitlement			
405NM	Non-member		
405NV	Non-vested participant		

Changes (appeals, appeals referrals, corrections)			
Annuities		Lump Sums	
410	Corrected BDL		
410-O	Corrected BDL, overpayment		
410R	Corrected BDL, recovery		
410U	Corrected BDL, underpayment		
401W	Corrected BDL, overpayment waived		
411	Revised BDL		
411O	Revised BDL, overpayment		
411U	Revised BDL, underpayment		

Cash balance plans			
Annuities		Lump Sums	
		425	Cash Balance

Alpha code suffixes

Code	Description	Code	Description
A	Annual	NE	Non-entitlement
C	Certain annuity	NM	Non-member
D	Deceased	NV	Non-vested
E	Early	O	Overpayment (recoupment)
L	Lump sum	R	Recovery
LBR	Large back payment – rollover	U	Underpayment
NBP	No back payment	W	Waived (overpayment)

(Can be combined in some cases. E.g., 403DRW: benefit decrease, deceased, recovery, waived)