

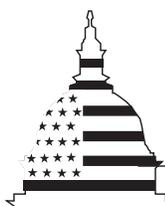
GAO

Report to the Ranking Minority Member,
Subcommittee on Employer-Employee
Relations, Committee on Education and
the Workforce, House of Representative

June 2001

RETIREMENT SAVING

Opportunities to Improve DOL's SAVER Act Campaign



G A O

Accountability * Integrity * Reliability

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Abbreviations

ASEC	American Savings Education Council
DOL	Department of Labor
GIG	Government Interagency Group
PWBA	Pension and Welfare Benefits Administration
SAVER	Savings Are Vital to Everyone's Retirement Act of 1997



United States General Accounting Office
Washington, DC 20548

June 26, 2001

The Honorable Robert Andrews
Ranking Minority Member
Subcommittee on Employer-Employee Relations
Committee on Education and the Workforce
House of Representatives

Dear Mr. Andrews:

Many of today's workers may not be financially prepared for retirement when they stop working. For example, the most recent national survey data available indicate that 53 percent of workers lacked an employee pension plan in 1999.¹ Another survey indicates that, while most workers in their late fifties and early sixties, the age at which they are looking soon to retire, have financial assets, the median value of those assets was less than \$46,000 in 1998.² Workers need to prepare financially for retirement because, while Social Security will provide some income to most retired persons, that income alone will likely not be sufficient to provide a comfortable standard of living. Retirement savings, including employee pension plans and individual retirement accounts, can provide the additional income needed to supplement Social Security benefits.

Concerned that people are not saving enough for retirement, the Congress enacted the Savings Are Vital to Everyone's Retirement (SAVER) Act of 1997.³ The act requires the U. S. Department of Labor (DOL) to hold

¹The estimate is based on the March 2000 Current Population Survey, and includes all members of the civilian, non-institutional population who were age 16 or older and employed at some time during the year preceding the survey, except the self-employed. The estimate excludes self-employed persons because the survey does not collect information on Keogh plans, a type of pension plan for the self-employed. See appendix I for information on sampling and nonsampling errors. We analyzed the proportion and characteristics of workers who lack pensions in our report entitled *Pension Plans: Characteristics of Persons in the Labor Force Without Pension Coverage* (GAO/HEHS-00-131, Aug. 22, 2000).

²Arthur B. Kennickell, Martha Starr-McCluer, and Brian J. Surette, "Recent Changes in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances," *Federal Reserve Bulletin* (Jan. 2000). In this analysis of Survey of Consumer Finances data, financial assets include checking and savings accounts; stocks, bonds, and mutual funds; and Individual Retirement Accounts, Keogh accounts for the self-employed, and certain employer-sponsored accounts, such as 401(k) accounts. Surveys are conducted every 3 years.

³P.L. 105-92, Nov. 19, 1997.

periodic national summits and maintain an outreach program to promote retirement saving. Because the second national summit is to be held this year, in 2001, you asked us to provide you with information concerning the implementation of the act. Specifically, we agreed to (1) identify major accomplishments of the 1998 summit and issues that might affect future summits, (2) describe DOL's outreach program, and (3) determine what DOL knows about the effectiveness of the summit and outreach program.

To obtain this information, we interviewed officials at DOL's Pension and Welfare Benefits Administration (PWBA), other government agencies sponsoring saving and investment education programs, and other organizations that focus on saving and retirement issues. We also reviewed documents provided by these agencies and organizations, including a report to the President and congressional leadership summarizing activities at the 1998 National Summit.⁴ We conducted our work between October 2000 and April 2001 in accordance with generally accepted government auditing standards. (See app. I for our scope and methodology.)

Results In Brief

The 1998 National Summit made progress in addressing some of the purposes specified for the summits in the SAVER Act. For example, as required by the act, the summit identified problems that workers face in saving for retirement and barriers that employers face in helping workers save for retirement. Additionally, while observers and attendees agreed that publicity about the summit may have increased the public's awareness and knowledge of retirement saving issues, a summit purpose specified in the act, they disagreed as to the extent of that increase. The 1998 summit did not develop recommendations addressing retirement saving issues and coordinating government education programs, as called for in the act. It remains for the 2001 and 2005 summits to develop such recommendations. In March 2001, DOL was in the process of developing a proposed agenda for the 2001 summit, and it was unclear at that time to what extent the proposed agenda would address the development of recommendations.

DOL's Retirement Savings Education Campaign, which began 2 years prior to passage of the SAVER Act, is an outreach program that targets owners of small businesses, women, minorities, and youth to change the way they

⁴Department of Labor, *The National Summit on Retirement Savings* (Washington, D.C.: Sep. 3, 1998).

think about, and act on, their retirement saving needs. Since 1998, PWBA has spent about \$850,000 on average in each of the last 3 years—or about 1 percent of its annual obligations and expenditures—to implement its outreach program, which is now under the authority of the SAVER Act. Most of those funds have been used to develop and distribute educational materials. Other outreach activities include creating and distributing radio and print public service announcements, cosponsoring conferences and attending public meetings, and maintaining an Internet site. DOL leverages its resources with in-kind contributions from partner organizations. DOL also coordinates its outreach activities with other federal agencies that promote retirement saving but agency officials disagreed on the extent of that coordination.

DOL has not attempted to assess the extent to which the 1998 National Summit and PWBA outreach efforts have increased the public's knowledge and understanding of retirement saving. While DOL collects information on the number of publications distributed, it does not know the extent to which materials are useful to the recipients. PWBA officials told us that they plan to make other efforts to evaluate DOL's outreach activities in the future by including questions and surveys in publications and holding focus groups; however, they have yet to establish a timetable for conducting evaluations.

This report contains recommendations to the Secretary of Labor concerning actions needed to evaluate the effectiveness of the major activities of DOL's retirement saving outreach program. In its written comments, DOL concurred with our recommendations to develop and implement a more systematic method for measuring the effectiveness of its outreach activities that is commensurate with the size and scope of the retirement saving outreach program.

Background

In the United States, major sources of retirement income are Social Security; retirement savings, including employee pension plans and individual retirement accounts; and to the extent retired persons are willing and able to continue working, wages and salaries. While Social Security provides a foundation for retirement income, saving through pension plans and by individuals on their own behalf contributes substantially to ensuring a secure retirement.⁵

⁵*National Saving: Answers to Key Questions* (GAO-01-591SP, June 2001).

U.S. tax policy encourages workers to save for retirement by providing preferential tax treatment to employee pension plans and individual retirement accounts. There is some evidence, however, that tax policy alone may not be sufficient to address some of the causes of low saving.⁶ For example, low saving may result in part from financial illiteracy, and many individuals may poorly understand their economic vulnerabilities or the economic incentives that tax policies seek to create.⁷ If so, educating the public about retirement saving may help stimulate saving.

In 1995, recognizing that education might influence saving behavior, DOL initiated the Retirement Savings Education Campaign to educate individuals about the importance of saving for retirement. Two years later, the Congress enacted the SAVER Act to promote retirement saving. Specific purposes of the act are to

- provide for periodic bipartisan national retirement savings summits to elevate the issue of retirement saving to national prominence;
- initiate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement saving strategy; and
- advance the public's knowledge and understanding of retirement saving and its critical importance to the future well-being of American workers and their families.

Within DOL, PWBA is responsible for planning and conducting national summits and maintaining an effective outreach program.⁸ National

⁶B. Douglas Bernheim, "Rethinking Saving Incentives," *Fiscal Policy: Lessons from Economic Research* (Cambridge, MA: Massachusetts Institute of Technology, 1997) and Sendhil Mullainathan and Richard H. Thaler, *Behavioral Economics*, Working Paper 7948, Cambridge, MA: National Bureau of Economic Research (Oct. 2000).

⁷B. Douglas Bernheim, and Daniel M. Garrett, *The Determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Households*, Working Paper 5667, Cambridge, MA: National Bureau of Economic Research (July 1996).

⁸PWBA's primary mission is to protect the pension, health, and other employee benefits of the over 150 million participants and beneficiaries in over 6 million private sector employee benefit plans. Within PWBA, the Office of Participant Assistance and Communication provides employee benefit plan participants and the general public with publications and other information to help them better understand their benefits and rights.

summits are to be convened by the President in 1998, 2001, and 2005.⁹ The first summit was held on June 4-5, 1998, in Washington, D.C., and was conducted by DOL with the assistance of the American Savings Education Council (ASEC).¹⁰ As required by the SAVER Act, the federal government and the private sector shared the cost of the 1998 National Summit. According to PWBA, the federal government spent about \$177,000, and according to ASEC, the private sector spent about \$498,000.¹¹ The Congress has appropriated \$500,000 for the 2001 summit. In March 2001, DOL issued a request for proposals and, at this writing, is in the process of selecting an entity to assume some of the administrative burdens and share the cost of the 2001 summit.

Other federal agencies, including the Department of the Treasury and the Social Security Administration, also have or are planning to have programs to promote financial literacy and retirement saving. For example, in April 2000, the Department of the Treasury launched the National Partners for Financial Empowerment. The organization is a coalition of consumer, community, business, and nonprofit groups; corporations; and federal, state, and local government organizations. The organization's mission is to increase the public's awareness of financial literacy and education issues. Additionally, the Social Security Administration plans to launch a nationwide "Save for Your Future" campaign to, among other things, increase the public's knowledge of Social Security programs and awareness of the importance of saving.

⁹ The summits are to be convened by the President and cohosted by the Speaker and Minority Leader of the House of Representatives and the Majority and Minority Leaders of the Senate. The act provides for a number of statutory delegates, including the President and majority and minority congressional leaders. The act also specifies that up to 200 additional delegates may be appointed: 50 percent by the President and 50 percent by the congressional leadership from the opposing political party.

¹⁰ The SAVER Act requires DOL to consult and coordinate with an organization made up of private-sector businesses and associations partnered with government entities to promote long-term financial security in retirement through saving. ASEC was that organization for the 1998 summit. Formed in 1995, ASEC is a nonprofit coalition of public- and private-sector organizations that promote retirement saving.

¹¹ ASEC's costs also included staff expenses.

1998 Summit Addressed Some Mandated Purposes

The 1998 National Summit made progress in addressing some of the purposes set out for the summits in the SAVER Act; however, delegates and attendees at the summit sometimes disagreed as to the extent of that progress. For example, attendees generally agreed that there was publicity about the 1998 summit. Some believe that the publicity was substantial and had a significant albeit unverified impact on the public's awareness and understanding of retirement saving issues. Others believe that the publicity was too limited to have a significant impact on the public. PWBA, Treasury, and ASEC officials said that planners did not intend for the delegates of the first summit to develop recommendations for addressing retirement saving issues that were called for in the SAVER Act. It remains for the 2001 and 2005 summits to develop such recommendations. However, as of March 2001, it remained unclear to what extent the agenda for the 2001 summit would address the purposes for the summits related to developing recommendations.

The purpose of the National Summit¹² shall be to:

- Increase the public awareness of the value of personal saving for retirement.
- Advance the public's knowledge and understanding of retirement saving and its critical importance to the future well-being of American workers and their families.
- Facilitate the development of a broad-based, public education program to encourage individual commitment to a personal retirement saving strategy.
- Identify problems workers have in setting aside adequate funds for retirement.
- Identify the barriers that employers, especially small business employers, face in helping their employees accumulate retirement savings.
- Examine the impact and effectiveness of efforts by individual employers to promote personal saving for retirement among their workers and promote participation in company saving options.
- Examine the impact and effectiveness of government programs at the federal, state, and local levels to educate the public so as to encourage retirement saving.
- Develop specific and comprehensive recommendations for the legislative and executive branches of the government and for private sector action as

¹²29 U.S.C. 1147(a).

may be appropriate for promoting private pensions and individual retirement saving.

- Develop recommendations for the coordination of federal, state, and local retirement saving initiatives.

The act requires DOL to prepare and distribute a report describing summit activities not later than 90 days after the summit is adjourned. The final report describing activities of the 1998 summit was dated September 3, 1998.

1998 Summit Identified Barriers to Retirement Saving

Delegates and attendees agreed that the 1998 summit identified many barriers that make it difficult for workers to save for retirement and for employers to help workers attain that goal. Among the retirement saving barriers that were identified at the summit were the workers' lack of knowledge about financial matters and retirement saving, the perceived lack of sufficient income for both current needs and saving, and the lack of access to employer-based pension plans. The summit also identified barriers faced by employers, including confusing and complicated government regulations that employers must contend with in setting up and operating pension plans and the fact that many employees prefer a larger paycheck to having future retirement benefits withheld from the paycheck.

1998 Summit Facilitated the Development of Public Education Programs

Government and ASEC officials said that the summit facilitated the development of a broad-based education program to encourage saving. They said that the summit brought together a diverse group of government officials and private-sector representatives and gave examples of successful partnerships to implement effective education programs to encourage saving. For example, PWBA officials said that the summit helped them recruit potential partners for PWBA's Retirement Savings Education Campaign activities. Similarly, a Treasury official said that the summit helped facilitate the launching of the Department of the Treasury's National Partners for Financial Empowerment by identifying potential partners. The summit also reinforced the need to focus on segments of the public such as minorities and low-income workers who were at greater risk than others of having inadequate savings and, therefore, might be specifically targeted by DOL's program.

1998 Summit May Have Increased Public Awareness

Summit delegates and/or attendees disagreed as to the extent that the 1998 National Summit increased the public's awareness of the importance of saving for retirement and advanced the public's knowledge and understanding of retirement saving. PWBA, Treasury, and ASEC officials said that the 1998 summit was widely reported in the media and that, as a result, it probably increased the level of the public's awareness and understanding of retirement saving issues. PWBA officials also said that follow-up regional summits or related activities occurred in several states, including New York and Texas, because of the National Summit. PWBA officials told us, however, that they did not determine whether the publicity or activities surrounding the summit had a long-term effect on the public's awareness or knowledge of saving-related issues. Several union, corporate, and nonprofit representatives whom we contacted said that the resulting publicity was not sufficient or that the publicity was geographically too concentrated in the Washington, D.C., area; therefore, its impact on the public's awareness and understanding of retirement saving issues was limited.

1998 Summit Examined to Some Extent Government and Employer Efforts to Promote Retirement Saving

With respect to government saving education programs, DOL's final report describes efforts by PWBA in its Retirement Savings Education Campaign and initiatives by the state of Oregon to educate the public concerning retirement saving issues. PWBA officials said that the 1998 summit essentially validated its ongoing Retirement Savings Education Campaign. However, several attendees that we contacted said that the summit did not address in-depth the effectiveness of government saving education programs.

To some extent, the 1998 summit also examined the impact and effectiveness of employer programs to promote retirement saving and pension plan participation. For example, employers were encouraged to increase pension plan participation by adopting procedures to automatically enroll newly hired employees in their 401(k) plans. Shortly after the summit, the IRS published a revenue ruling clarifying that automatic enrollment in 401(k) plans is permissible for newly hired employees.¹³ A union official said that the 1998 summit focused heavily on defined contribution plans, such as 401(k) plans, and did not adequately

¹³Revenue Ruling 98-30, *Internal Revenue Bulletin 1998-25* (June 22, 1998).

address the need for defined benefit plans.¹⁴ The official said that people who do not have enough money to save cannot rely on voluntary savings approaches like 401(k) plans.

1998 Summit Did Not Make Recommendations

The 1998 summit made no recommendations for the government or the private sector to promote private pensions or retirement saving and made no recommendations for the coordination of government retirement saving initiatives. PWBA, Treasury, and ASEC officials said that planners did not intend for the delegates of the first summit to develop such recommendations. According to a Treasury official involved in the planning process, the decision not to develop recommendations at the 1998 National Summit was made at the National Economic Council level.¹⁵ According to the official, planning the first summit focused on areas of agreement, building on what planners perceived to be clear evidence that education could contribute to efforts to increase saving. The planners' intentions for the 1998 summit were to bring people together to discuss issues related to retirement saving and build relationships for future initiatives and to avoid a potentially divisive debate over what policy changes are needed to increase saving. Summit planners believed the atmosphere might be more conducive to addressing the more contentious issues, such as legislative proposals to promote saving, and developing specific recommendations at the national summits in 2001 and 2005.

In December 2000, DOL requested comments from the public, to be received by January 31, 2001, for purposes of developing a comprehensive agenda for the 2001 summit. In March 2001, DOL was in the process of reviewing the comments. At that time, it was not clear to what extent the draft agenda for the 2001 summit would reflect the purposes in the act that call for (1) developing specific and comprehensive recommendations for actions by the legislative and executive branches of the government, and the private sector, to promote private pensions and individual retirement saving and (2) recommendations for the coordination of federal, state, and local government retirement saving initiatives. According to PWBA's

¹⁴Pension plans are customarily classified as either defined benefit or defined contribution plans. Defined benefit plans promise a retirement benefit that is usually determined by salary level and length of service. A defined contribution plan specifies contributions to be made, but the benefit depends on investment performance.

¹⁵The National Economic Council, which included the President, Vice President, the Secretaries of State, the Treasury, and Labor, among others, was responsible for coordinating and monitoring the implementation of the President's economic policy.

timeline, an agenda is to be submitted for comment to the White House and congressional staffs in May 2001 and published in the Federal Register in July 2001.¹⁶

DOL's Outreach Activities Continued Under SAVER Act

With its public- and private-sector partners, DOL began promoting retirement saving education in July 1995, under its Retirement Savings Education Campaign. The campaign's outreach efforts—now under the authority of the SAVER Act of 1997—continue to build upon and reinforce the need to save for retirement and educate workers and employers about ways to save for retirement. DOL's spending ranged from \$775,271 to \$892,466 over the last 3 fiscal years—or about 1 percent of PWBA's total annual obligations and expenditures—to develop and distribute educational materials, public service announcements and media outreach, participate at conferences and public meetings, and establish an Internet site to promote retirement saving. DOL leverages its resources with in-kind contributions from partner organizations and coordinates its outreach activities with other public and private organizations that are involved in retirement saving issues.

DOL's Outreach Program Under the SAVER Act

DOL's current outreach program is a continuation of its Retirement Savings Education Campaign, which began 2 years before passage of the SAVER Act. The campaign was launched in July 1995 in conjunction with the Department of Treasury and approximately 65 private- and public-sector partners. With DOL acting as a catalyst, the campaign provided a forum for the partners involved to provide information on pensions and retirement planning to the public and employers. The campaign targeted education and outreach activities at specific groups: small business employees, women, minorities, and future generations of workers—today's youth. Under the umbrella of the Employee Benefit Research Institute, the campaign partners formed ASEC to undertake initiatives to raise public awareness about the importance of personal finance and retirement planning. According to an ASEC official, over 100 private and public institutions participate in the organization's activities. DOL and ASEC participate in each other's retirement saving campaign efforts. Both entities distribute each other's publications, and ASEC provides DOL's

¹⁶The act states that DOL shall make available for public comment a proposed agenda for the summit that reflects to the greatest extent possible the purposes for the summit set out in the act. 29 U.S.C. 1147(f)(1)(C).

toll-free telephone number in its publications. In addition, ASEC and DOL participate separately in retirement saving initiatives with other organizations.

After 1997, some of the outreach activities and initiatives of the Retirement Savings Education Campaign were no longer optional; they became mandated by law. Under the SAVER Act, DOL is to maintain an outreach program designed to effectively promote retirement saving. The program is to be carried out by means that ensure effective communication to the public, including creating educational materials, publishing public service announcements, attending public meetings, and establishing an Internet site. The act requires that the information made available by DOL as part of its outreach program include

- a description of the vehicles currently available to individuals and employers for retirement saving and
- information regarding matters relevant to establishing retirement savings, such as the concept of compound interest and the importance of prudence and diversification in investing.

In fiscal year 2000, DOL's outreach program was redesigned, and the name was changed to the "Saving Matters" Campaign; the program continues to target small businesses, women, minorities, and youth. DOL has identified the following goals for its Saving Matters Campaign for fiscal year 2001:

- Educate and motivate American workers about the need to save for retirement.
- Increase the number of employers who receive information on retirement saving plans and the number of employers that provide related education for their workers.
- Serve as a catalyst for other private- and public-sector organizations that are committed to advancing the level of retirement saving education so as to increase the amount of retirement saving in America.
- Meet the requirements set out in the SAVER Act of 1997.

In addition, DOL's outreach strategy for 2001 is to increase grass roots outreach and education. In prior years, DOL's national office conducted the vast majority of the outreach effort with little regional and district involvement. In 2001, DOL's 15 regional and district offices are to have a key role in delivering campaign messages and materials to local audiences around the country. The campaign will continue to promote and distribute materials developed in the past as well as create new products.

PWBA spending ranged from \$775,271 in fiscal year 1997 to \$892,466 in fiscal year 2000—or about 1 percent of its total annual obligations and expenditures¹⁷—for its outreach program. Table 1 shows that since the SAVER Act was passed in November 1997, PWBA has spent most of the funds to create and distribute educational materials. Other outreach activities were preparing and distributing radio and television public service announcements (PSAs), attending conferences and other public meetings, and developing and maintaining an Internet site. These other activities also served to advertise and help distribute educational materials developed by PWBA and others. According to PWBA, 27 PSAs designed for use in print, radio, and television outlets have been placed in over 20,000 newspapers, magazines, radio stations, and television stations nationwide since 1998. Table 2 provides additional information about PWBA's major outreach activities.

Table 1: Estimated Direct Obligations and Expenditures for SAVER Act Outreach Program Activities, Fiscal Years 1998 Through 2000

Activity	1998	1999	2000	Total
Create and distribute educational materials	\$665,893	\$650,671	\$449,906	\$1,766,470
Hold conferences and public meetings	25,000	82,000	376,100 ^b	483,100
Develop and distribute public service announcements and other media outreach	84,078	125,746	53,000	262,824
Develop and maintain an Internet site		30,569		30,569
Travel and other activities	300	978	13,460	14,738
Total	\$775,271^a	\$889,964	\$892,466	\$2,557,701

^aIn addition, PWBA spent approximately \$177,000 out of its existing budget for the 1998 summit.

^bThis amount included a \$350,000 contract with a non-profit organization to cosponsor a series of conferences on financial issues for women.

Source: PWBA.

Additionally, officials estimated that in 2000 PWBA expended 3 to 4 staff years to perform outreach activities related to the SAVER Act at an estimated annual cost of \$100,000 per staff year. PWBA personnel in field offices began working on SAVER Act activities in fiscal year 2000.

¹⁷PWBA annual obligations and expenditures during the same period ranged from about \$82 million to \$98.8 million.

Table 2: Description of Major PWBA Outreach Activities

Outreach activity	Description
Educational materials	During fiscal years 1998 and 2000, DOL focused its SAVER Act outreach strategy on developing and distributing pamphlets and other educational materials ⁸ Publications include <i>Savings Fitness: A Guide to Your Money and Your Financial Future</i> , <i>Top 10 Ways to Prepare for Retirement</i> , <i>Women and Pensions</i> , <i>About Retirement Savings</i> , and <i>Simple Retirement Solutions for Small Business</i> . SAVER Act publications are delivered upon request at no cost to the individual.
Public service announcement and media outreach	DOL uses print and broadcast (radio and television) public service announcements (PSAs) as the primary method for promoting its retirement saving publications. PSAs are designed to capture the attention of the intended audience, convince them that they need more information about retirement saving, and motivate them to call the toll-free publication number.
Conferences and public meetings	DOL participates in conferences, workshops, forums, and summits. In 1998, DOL became a national sponsor of the Everywoman’s Money Conferences. That conference is designed to provide women of all ages with tools to improve their knowledge of financial issues—particularly retirement saving. DOL also participates in public events as an exhibitor or speaker at Securities and Exchange Commission town hall meetings, the Association for Small Business Development Centers annual conference, and the National Forum to Encourage Lower-Income Household Savings.
Internet sites	PWBA’s Web site containing SAVER Act materials can be accessed through DOL’s Web site (http://www.dol.gov/dol/pwba). The PWBA site includes retirement saving-related publications, tips for consumers about preventing pension miscalculations, and many other materials, including ASEC’s <i>Ball Park Estimate</i> , © a tool to help estimate how much money an individual will need at retirement. PWBA’s Web site also contains links to several sites maintained by other federal agencies to promote saving, including the Department of the Treasury’s Internet site promoting savings bonds. Working in cooperation with the U. S. Chamber of Commerce, Merrill Lynch, and the Small Business Administration; DOL also constructed a small business retirement saving site (http://www.selectretirementplan.org). This site allows small businesses to review various plan options available to them and provides a description of the features of each.

⁸DOL received requests for 854,000 publications between 1998 and 2000 via its toll-free publications hotline established in 1997. The toll-free number (1-800-998-7542) is a central source for requesting SAVER Act publications. DOL estimates it distributed about 2 million copies of SAVER Act and publications related to other PWBA activities through all methods, including its 800 number, the Federal Consumer Information Center, related conferences and events, and PWBA field office activities, during that period.

Source: PWBA.

Partnerships and Coordination With Other Organizations

Over the years, DOL has partnered with both private- and public-sector organizations to leverage its resources to help reach its target audiences. For example, DOL’s *Savings Fitness* booklet was prepared and distributed in collaboration with the Certified Financial Planners Board of Standards. The booklet explains in simple terms the concept of compound interest and describes various saving plans and how they work. The Board paid to have the booklet written, and DOL paid to have the booklet printed and distributed. The Secretary of Labor introduced the publication to 40 million readers in the pages of *Parade Magazine*, and the booklet had the

largest distribution of a SAVER Act publication from DOL's 800 number requests in 2000.

In 1999, DOL partnered with the Consumer Information Center and shared the cost of including promotional cards ("Here Today, Gone Tomorrow") with 2 million income tax refunds to encourage taxpayers to save a portion of their money for retirement. Respondents to the cards received DOL brochures on retirement saving. The Consumer Information Center paid for printing the cards. DOL paid for printing the brochures and the distribution of the packages.

The SAVER Act also requires DOL to coordinate its outreach program with similar efforts undertaken by other public and private entities. Officials at DOL and other federal agencies said that this coordination takes place primarily through meetings held by the Government Interagency Group (GIG) of ASEC. The group—comprised of federal government partners who meet every 2 months—discusses ongoing outreach activities and initiatives. Participating agencies include the Administration on Aging, Department of the Treasury, Department of Agriculture, Securities and Exchange Commission, Social Security Administration, and others. Some officials said that GIG meetings provide an effective forum for agencies to share ideas and look for ways to collaborate, but other officials said that the meetings were little more than recitations of the efforts each agency has to promote savings and that little real coordination takes place. PWBA officials said that its outreach activities are also coordinated through one-on-one meetings with the Social Security Administration and others involved in saving outreach or education activities. While PWBA officials acknowledged that there is no single federal entity leading governmentwide efforts, they said that PWBA has served as a catalyst for many of the activities taken by other federal agencies to promote retirement saving.

DOL Has Not Assessed the Effectiveness of Activities to Promote Retirement Saving

Although assessing the overall contribution of the SAVER Act's efforts toward changing the public's knowledge and understanding about retirement saving would be difficult, DOL has not attempted to do so. Additionally, DOL has not assessed the effectiveness of its specific educational materials and outreach activities but believes that doing more is possible. DOL collects data on the number of publications distributed and informal comments on the quality of its publications but has not yet implemented a systematic effort to assess whether the publications or other outreach activities are effective in promoting retirement saving.

Determining SAVER Act's Contribution on Retirement Saving Would Be Difficult

An overall goal of the SAVER Act is to advance the public's knowledge and understanding of retirement saving and its critical importance to the future well-being of American workers and their families. Recent studies indicate the public's knowledge and understanding of retirement saving might have changed since the act became law in 1997. The 2001 Retirement Confidence Survey¹⁸ indicates, for example, that the percentage of workers who had tried to calculate their retirement saving needs increased between 1997 and 2001. PWBA said, however, that no evidence links the apparent increases to DOL's or other saving education efforts. Determining the impact of the national summit or DOL's outreach program on the public's understanding and knowledge would be difficult because a range of other factors affects saving attitudes and behavior. Factors that might influence saving attitudes and behavior include discussions of the future of Social Security, the movement toward greater reliance on account-type pension plans, and the aging of the baby boom generation.¹⁹ Similarly, the officials said that determining the factors that affect a change in pension coverage rates is difficult due to the myriad economic factors that shape employers' decisions to sponsor retirement savings plans, as well as the impact of the economy on household saving decisions.

DOL Has Little Information About the Effectiveness of Individual Activities

DOL has little information about the specific effectiveness of individual publications and other outreach activities. DOL's program activities assessment has been largely limited to tracking quantitative data and making note of the informal feedback it has received on the quality of its publications. For example, DOL told us that its public service announcements potentially reached over 180 million people; it distributed over 500,000 SAVER Act publications through toll-free number requests; and it records an average of about 24,000 visitors per month to its Internet site. DOL received informal feedback on the usefulness of its publications

¹⁸*Retirement Confidence Survey 2001 Summary of Findings*, Employee Benefit Research Institute (Washington, D.C.: May 2001).

¹⁹In general, older workers may have higher preferences for saving, as opposed to consumption, than younger workers. The theoretical basis for such preferences is found in a life-cycle saving and consumption model. According to this model, expenditures typically exceed earned income early in a person's career because of immediate consumption needs like child rearing and mortgage expenses. Later in life, earned income is more likely to exceed consumption needs, allowing persons to save for retirement. See Olivia S. Mitchell and James F. Moore, *Retirement Wealth Accumulation and Decumulation: New Developments and Outstanding Opportunities*, Philadelphia: The Pension Research Council (Apr. 1997).

from representatives of other organizations that have partnered with DOL, from organizations that have distributed DOL's publications, and from individuals who have received DOL publications at conferences or public events. While tracking qualitative data and informal comments may provide some useful information, those two indicators alone do not provide a systematic method to measure and evaluate the effects of specific activities.

DOL recognizes the need to do more to measure the effectiveness of its publications and other outreach activities, but officials cite the lack of funds as the major obstacle. Officials said that funds were spent to develop and distribute educational materials rather than to develop and implement measurement activities. However, DOL has taken some steps to improve its evaluation efforts. For example, DOL awarded a contract to a nonprofit organization to conduct "before and after" surveys of the Everywoman's Money Conferences that DOL cosponsored. The surveys were to measure changes in the saving awareness and behavior of conference participants, but the contractor has not provided the required post-conference results to DOL and is not expected to fulfill this contract requirement due to its own financial difficulties.²⁰ Moreover, DOL has not evaluated the usefulness of its publications or information provided on its Internet site.

For fiscal year 2001, PWBA requested \$500,000 to evaluate the effectiveness of its combined pension and health benefit advisor activities as part of a \$1.5 million expansion of that program. However, DOL did not approve PWBA's request. In a notice that requested information for developing the agenda for the 2001 National Summit,²¹ DOL has also requested information on measurement techniques that assess the effectiveness of public outreach and media efforts. PWBA officials told us that they plan to make other efforts to evaluate DOL's outreach activities in the future by including questions and surveys in publications and holding focus groups; however, they have yet to establish a timetable for conducting evaluations. The officials also expressed concern that these efforts require time and money that would take resources away from the activities themselves. Ideally, in their opinion, DOL would have an

²⁰However, PWBA officials said that they planned to conduct or make arrangements with another contractor to follow up with the participants to evaluate the effect that the conference had on the attendees' knowledge of retirement saving or their behavior.

²¹*Federal Register*, Vol. 65, No. 232, Dec. 1, 2000, pp. 75578-75579.

independent organization evaluate the effectiveness of its outreach activities, but the officials said that no funds exist for such an evaluation.

Our discussions with financial education researchers indicate that a systematic follow-up effort to obtain feedback from recipients of the publications—or educators and trainers who used the publication—is important to implementing an effective education or outreach program, such as DOL’s campaign. According to one researcher, such feedback could be extremely useful not only for improving current products but also for developing the next generation of products. The researcher also said that follow-up efforts should be designed to be cost-effective. Accordingly, the scope and methodology of performance or effectiveness measures should be appropriately sized for a \$900,000 outreach program. However, the researcher believes that potential partners in the private sector or financial education community could help design a cost-effective measurement program. Another researcher said that, depending on the funding level, an evaluation effort could range from calling recipients or users to solicit their views about a material’s effectiveness to a more formal effort by researchers to assess the quality and effectiveness of the entire outreach program.

Conclusions

The SAVER Act summits present a unique opportunity for national leaders and public- and private-sector organizations to come together to increase public awareness of the value of saving for retirement and develop ways to encourage private pensions and individual retirement saving. Summits scheduled for 2001 and 2005 represent opportunities to make further progress at achieving the mandated purposes of the summit that were partially addressed at the 1998 summit. These summits also provide an opportunity to address those mandated purposes that were not addressed at the 1998 summit: the development of specific and comprehensive recommendations for government and private sector actions with respect to retirement saving issues and for the coordination of government retirement saving education initiatives. However, achieving these purposes is likely to be difficult. For example, developing recommendations to promote private pensions and retirement saving or coordinating federal, state, and local initiatives may require stronger leadership and cooperation beyond that of the first summit.

The SAVER Act reinforced DOL’s prior outreach efforts under its Retirement Savings Education Campaign begun in 1995. However, now that the program has evolved over 6 years, DOL should take steps to refocus its resources and refine its program by determining how well its

activities are succeeding and how the program might be improved. Given the limited resources for its outreach program, DOL needs to ensure that it has an effective strategy for reaching people and educating them about the importance of planning for retirement and encouraging them to save. Without a systematic effort to measure and evaluate the effects of its outreach activities, DOL runs the risk of spending its resources on activities that are not having their intended effect.

Recommendations for Executive Action

DOL should develop and implement a method for measuring the effectiveness of the major activities of its outreach program. While we recognize the potential costs and difficulties of measuring the effectiveness of an outreach program, DOL needs to undertake such an effort so that it has the information necessary to make the best use of its limited resources. Therefore, we recommend that the Secretary of Labor direct the Assistant Secretary of Labor, PWBA, to take the following actions:

- Assess the results of program activities compared to their intended purpose. For example, DOL could survey individuals on their improved understanding, changed attitudes, or actions taken as a result of reading DOL's educational materials or visiting DOL's Internet site.
- Appropriately size the scope and methodology of the evaluation effort for a \$900,000 outreach program. Depending on the level of funding, such an effort could range from calling recipients or users of the materials to determine their views on its quality or effectiveness to a more formal effort by researchers to assess the quality and effectiveness of the entire outreach program.
- In considering the scope of the potential evaluation effort, explore the potential use of partners in the private sector or the financial education community that could help design a cost-effective measurement program.

Agency Comments

We provided DOL the opportunity to comment on the report, and DOL concurred with our recommendations in its written comments. DOL also commented further on the importance of partnerships to its retirement education savings campaign and the results of its efforts working with other organizations and agencies, which we incorporated as appropriate. DOL's letter is included as appendix II.

We are providing copies of this report to the Honorable Elaine L. Chao, Secretary of Labor, and appropriate congressional committees. We will

also make copies available to others on request. The report is also available on GAO's home page at <http://www.gao.gov>. Please call me at (202) 512-7215 or George A. Scott at (202) 512-5932 if you or any of your staff have questions. Other major contributors to the report include Daniel F. Alspaugh, John M. Schaefer, Vernetta G. Shaw, and Roger J. Thomas.

Sincerely yours,

A handwritten signature in black ink that reads "Barbara D. Bovbjerg". The signature is written in a cursive style with a large, looped initial "B".

Barbara D. Bovbjerg, Director
Education, Workforce, and
Income Security Issues

Appendix I: Scope and Methodology

To identify major accomplishments of the 1998 National Summit on Retirement Saving, we reviewed Savings Are Vital to Everyone's Retirement (SAVER) Act of 1997 provisions governing national summits and the background material and the final report for the 1998 summit. We also examined evidence of media coverage of the 1998 summit proceedings. We discussed the summit with attendees or delegates representing the Pension and Welfare Benefits Administration (PWBA), the Department of the Treasury, a union, a corporation, and the American Savings Education Council and other nonprofit groups. To identify challenges facing the 2001 and 2005 summits, we discussed summit planning with PWBA officials and reviewed comments responding to a Department of Labor (DOL) request for information for the 2001 summit agenda.

To describe DOL's outreach program, we interviewed PWBA officials and reviewed various documents—including strategic plans and the SAVER Act—to document the history of DOL's program and the strategies used to implement the outreach program. To document expenditures for outreach activities related to the SAVER Act, we reviewed budget documents and PWBA estimates of obligations and expenditures related to the SAVER Act and discussed those documents with PWBA officials. However, we did not independently verify PWBA's estimates. To explain the various elements (activities) of the program (i.e., educational materials, public service announcements, conferences and public meetings, and Internet site), we collected and reviewed educational materials, including brochures and pamphlets and copies of the public service announcements. We visited the PWBA Web site (<http://www.dol.gov/dol/pwba>) to view the Internet site containing materials related to the SAVER Act, and we reviewed documents describing conferences and public meeting engagements related to the outreach program. In addition, we reviewed internal documents provided by PWBA on the various activities of the outreach program. For example, PWBA provided us with a summary document entitled "Milestones and Achievements of the Retirement Savings Campaign," which highlighted various major milestones and events since the outreach program began in 1995 through fiscal year 2000. To document DOL's partnerships, we interviewed other federal agencies and nonprofit organizations involved in Saver Act outreach activities and reviewed documents provided by PWBA describing their current partnership activities. To document DOL's coordination efforts, we obtained copies of meeting minutes from the Government Interagency Group, which is the primary vehicle used by PWBA to coordinate its efforts with other federal agencies involved in SAVER Act activities.

To determine what DOL knows about the effectiveness of the summit and outreach program, we reviewed strategic plans for DOL and PWBA and summary information on the outputs of the PWBA outreach program activities. We also looked at studies and reports by the Employee Benefits Research Institute and other results-oriented guidance. We discussed the effectiveness of SAVER Act activities and other retirement saving education issues with PWBA officials in headquarters and the field, university researchers, and other professionals in fields related to retirement saving education.

We also used survey data from the Current Population Survey (CPS) for background information contained in this report. CPS data contains sampling and nonsampling errors. The sampling error for the CPS estimate shown in this report is plus or minus one percentage point at the 95-percent confidence level. The nonsampling errors can affect the accuracy of the information presented, but the magnitude of their effects is unknown. Nonsampling errors may result because persons did not respond to some or all of the survey questions or the persons in the household who responded were other than the employee or the employee's spouse.

Appendix II: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Pension and Welfare Benefits
Washington, DC 20210



JUN - 5 2001

Barbara D. Bovbjerg
Director, Education, Workforce, and
Income Security Issues
United States General Accounting Office
Washington, DC 20548

Dear Ms. Bovbjerg:

Thank you for the opportunity to provide written comments on your draft report entitled "Retirement Saving: Opportunities to Improve DOL's SAVER Act Campaign" (GAO-01-634).

We concur with your recommendations to develop and implement a more systematic method for measuring the effectiveness of our retirement savings education and outreach activities that is commensurate with the limited size and scope of our program. We agree that evaluation is a crucial component of any initiative to determine the success of the work being done and to make necessary adjustments so that the goals are achieved. We have made evaluation one of the priorities of our Retirement Savings Education Campaign's activities, and we are planning a number of evaluation projects to more systematically measure the success of our activities. In addition, as you noted in footnote 20 on page 16, DOL is in the process of terminating the contract for the Everywoman's Money Conferences for default and will be reobligating those funds for a replacement contract to include conducting the post conference evaluations.

We would like to comment further on the importance of partnerships to our Campaign and the successes we have realized from working with a broad group of organizations and agencies. Several significant educational tools have been developed and a wide and diverse audience has been reached as a result of our work with several different partner organizations and agencies. The SAVER Act requires DOL to coordinate its outreach program with similar efforts undertaken by other public and private entities. The report highlights the interagency coordination that takes place through ASEC's Government Interagency Group. This forum provides an opportunity to share plans and upcoming events with the other federal agencies and to coordinate our activities with those of ASEC and its government partners. DOL serves as a federal liaison with ASEC's Board of Directors and has supported most of ASEC's initiatives by making available our 800 number in support of their "Choose to Save Campaign," participating in their retirement forums, providing thousands of copies of our brochures for their distribution, and distributing their publications such as "Ballpark Estimate" and "Power to Choose" through our 800 number, website and outreach activities.

Concurrent with our work with ASEC, we have developed partnerships with individual groups as well as with other coalitions, both government and private sector, which work in conjunction with their partners to provide financial education to Americans. Some of these include Treasury's National Partnership for Financial Empowerment, the Consumer Federation of *Working for America's Workforce*

**Appendix II: Comments from the Department
of Labor**

America through their National Forums and the “America Saves Campaign,” and the Jump\$tart Coalition for Personal Financial Literacy.

Most of our greatest successes have come from working on joint initiatives with individual partners. For example, through our ongoing work with the Small Business Administration, the U.S. Chamber of Commerce and Merrill Lynch, an interactive website (selectretirementplan.org), an educational video, and a nationwide distribution plan was developed to educate small employers about pension plan options. Treasury also participated in this effort by assisting in the development of our three supporting brochures describing specific plan features.

We have also worked and continue to work on specific initiatives with the North American Securities Administrators Association, the AARP, the National Association of Women Business Owners, the Certified Financial Planner Board of Standards, the Federal Consumer Information Center, the Girl Scouts of America, Project Green Purse, the National Endowment for Financial Education and Hispanic Radio Network to name a few. These partnerships have significantly increased the impact of our efforts, providing a manner in which we can leverage the Campaign’s limited funding to reach a wider audience with more targeted information to meet the respective audience’s needs. We plan to continue these efforts and engage in new partnerships to expand the reach of our Campaign and its message.

We look forward to continuing to work with our many partners on achieving the goals of our Retirement Savings Education Campaign and of the SAVER Act. We also look forward to working with the President and the leaders in Congress to plan and conduct the second National Summit later this year.

Sincerely,



Ann L. Combs

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