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**U.S. OFFICE OF PERSONNEL MANAGEMENT  
OFFICE OF THE INSPECTOR GENERAL  
OFFICE OF EVALUATIONS AND  
INSPECTIONS**

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# Final Evaluation Report

## **EVALUATION OF RETIREMENT SERVICES' CUSTOMER SERVICE FUNCTION**

**Report Number 4K-RS-00-16-023**

**September 28, 2016**

**-- CAUTION --**

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# EXECUTIVE SUMMARY

## *Evaluation of Retirement Services' Customer Service Function*

Report No. 4K RS-00-16-023

September 28, 2016

### **Why Did We Conduct the Evaluation?**

This evaluation was conducted to address concerns raised by the then Acting Inspector General about the customer service Retirement Services (RS) is providing to annuitants. They were primarily interested in annuitants' access to RS and its response time for providing customer service via telephone and email.

The objective of our evaluation was to access the customer service RS is providing to annuitants in the following two areas: 1) Annuitants access to RS's customer service representatives and 2) RS's response time to inquiries received from Annuitants.

### **What Did We Find?**

Retirement Services (RS) annuitants have access to customer service through multiple avenues, however they primarily use the toll-free number listed on OPM's website to access the Retirement Information Office. During our evaluation, we found that annuitants using the toll-free number are encountering busy signals and long wait times when attempting to contact RS customer service.

We also found that RS is not providing timely responses to customer inquiries. Specifically, we found:

- RS is not meeting its goal to respond to all written correspondence within 60 days;
- Legal administrative specialists are not responsive to messages left in their voice mailboxes; and,
- Annuitants are having to make multiple attempts to contact RS for a response to their inquiry.

It is important to note the relationship between excessive busy signals and long wait times, and RS's untimely responses to annuitants' inquires. Annuitants who are not receiving timely responses are making multiple attempts to contact RS, which is potentially a contributing factor to the high number of calls received by the Retirement Information Office.



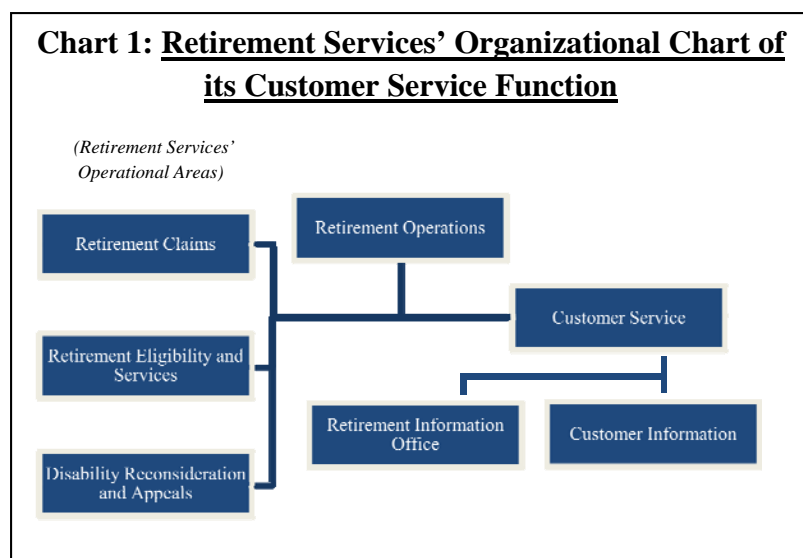
**William W. Scott, Jr.**  
*Chief, Office of Evaluations and Inspections*

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# INTRODUCTION

This final evaluation report details the results from our evaluation of the U.S. Office of Personnel Management's (OPM) Retirement Services' (RS) Customer Service Function. This evaluation was conducted by OPM's Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.



OPM's RS is directly responsible for the oversight of the Federal Government's two major retirement systems, the Civil Service Retirement System and the Federal Employees Retirement System. RS provides customer service to approximately 2.6 million annuitants, survivors, and family members by determining Federal employees' eligibility for retirement benefits; issuing annuity payments to retirees and

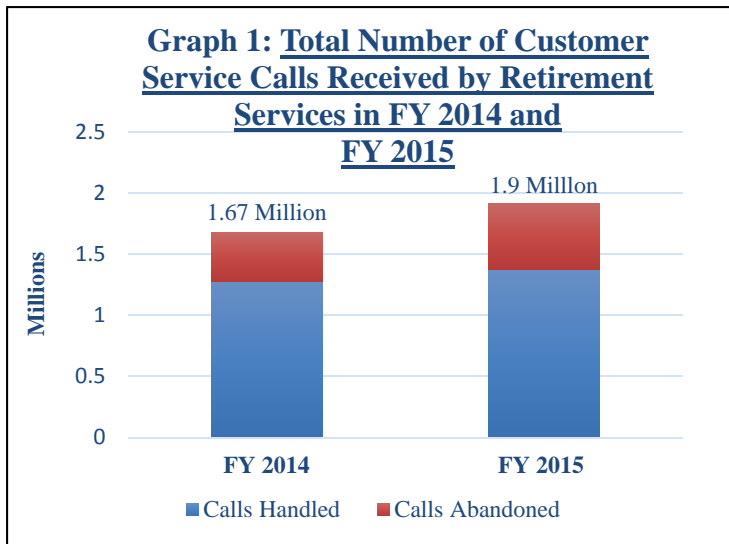
surviving spouses who are eligible; and collecting premiums for health and life insurance.

The Customer Service Office is part of RS Operations and is responsible for responding to telephone and email inquiries, and receiving and responding to correspondence about retirement benefits and individual claims. These Customer Service Office functions are administered by the Retirement Information Office and Customer Information. *See Chart 1.*

The Retirement Information Office provides annuitants access to RS's customer service using a toll-free number listed on OPM's website. Located in East Butler, Pennsylvania, the Retirement Information Office is staffed with customer service specialists, as well as contractors, who handle a variety of inquiries from annuitants, such as: address and direct deposit changes, taxes, adjudication issues, life insurance, health benefits, survivor benefits, disability retirement, and court orders.

In FY 2014, the Retirement Information Office received 1.67 million calls from annuitants. Customer service specialists handled 1.27 million of these calls, while approximately 400,000 calls were abandoned.<sup>1</sup> The Retirement Information Office's call volume increased to 1.9

<sup>1</sup>An abandoned call is a call that is waiting in the queue and ends before the caller speaks to a representative.



million in FY 2015. Given this increase, the number of calls handled by customer service specialists also increased to 1.37 million with approximately 540,000 abandoned calls. See Graph 1.

In addition to the toll-free number, annuitants can send RS written correspondence via email, postal letters, and facsimiles. RS’s overall goal is to respond to written correspondence within 60 days.

RS Operations provides customer service through its operational areas to include Retirement Claims, Disability Reconsideration and Appeals, and Retirement Eligibility and Services. Within the operational areas, every annuitant is assigned a legal administrative specialist. Once an annuitant’s case is assigned to a legal administrative specialist, they become the annuitant’s primary point of contact. Annuitants are able to contact their legal administrative specialist directly via the legal administrative specialist’s phone line, as well as calling RS’s toll-free number and being transferred. If a legal administrative specialist is unavailable to take an annuitant’s call, the annuitant can leave a voice message and it is the legal administrative specialist’s responsibility to provide a timely response.

To ensure annuitants are provided timely responses, RS developed an escalation process, which raises a customer’s inquiry to the management level when they indicate previous attempts to contact their assigned legal administrative specialist without a response. Escalations are generated by Retirement Information Office’s customer service specialists and RS management. Once an inquiry warrants an escalation, the Retirement Information Office Escalation Team will work to resolve it, or if necessary, send the inquiry to the appropriate Retirement Information Office functional area to handle. Escalations require a 48 hour response to the customer and its closure is documented in an RS tracking system.

RS also offers annuitants other avenues to access its services. At OPM’s Headquarters in Washington, DC, RS has a Walk-in Center, which serviced approximately 4,000 annuitants in FY 2015. Annuitants were primarily from the surrounding area to include Virginia, Maryland and Washington, DC. Additionally, RS actively encourages annuitants to utilize its *Services Online*, a web platform that provides retirement services on demand. In FY 2015, more than 513,000 annuitants accessed *Services Online*, conducting more than 5 million transactions.

# RESULTS OF EVALUATION

## Retirement Services is Not Providing Timely Responses to Annuitants' Inquiries

During our evaluation we found that RS is not providing timely responses to customer inquiries. Specifically, we found:

- RS is not meeting its goal to respond to all written correspondence;
- Legal administrative specialists are not responsive to messages left in their voice mailboxes; and,
- Annuitants are having to make multiple attempts to contact RS for a response to their inquiries.

RS is not meeting its goal to respond to all written correspondence within 60 days. While RS reports that their average processing time for all written correspondence is 48 days, as of the beginning of May 2016, they have a backlog of Controlled Correspondence (escalations generated by Retirement Information Office); Faxes (faxes from Federal agencies requesting verification of an employee's service time); and, Mail Read (incoming postal mail that requires processing or needs to be forwarded to different areas within OPM). *See* Table 1.

**Table 1: RS's Processing Times for the Retirement Information Office's Escalations, Faxes, Postal Mail**

As of:		Beginning Balance	Total Receipts	Total Processed	Ending Balance	Processing Time (Days)
04/02/16	Controlled Correspondence	4111	263	910	3464	72
	Faxes (500)	543	457	721	279	67
	Mail Read	5518	3187	3287	5418	122
05/07/16	Controlled Correspondence	3883	234	320	3797	92
	Faxes (500)	566	393	390	569	72
	Mail Read	927	3744	4097	574	80

We found that 21 out of 39 (53%) legal administrative specialists were nonresponsive to messages we left in their voicemail boxes.<sup>2</sup> Additionally, we received a voicemail message through our agency's phone system notifying us that 8 of these 21 (38%) legal administrative specialists' voicemail boxes were full and that our message was undeliverable. We only received this message because we were connected to OPM's phone system. Annuitants calling from outside of the system would be unaware that their message was not delivered. It is important to note that while we were not annuitants, we stated on our voicemail messages that we were with the OIG conducting an evaluation on RS customer service and requested a callback.

During our observations of the RS's Walk-in Center we found that:

- Thirteen of the 21 (62%) visitors stated that their visit was not the first attempt to getting their issue resolved; and,
- Eight out of 21 (38%) visitors stated their issue was not resolved in a timely manner.

From the annuitants' calls that we screened, we found that:

- Nine out of 38 (24%) of the annuitants indicated that they made previous attempts through various avenues to contact RS's customer service for resolution; and,
- Seven out of 38 (19 %) of the annuitants indicated dissatisfaction with the timeliness of RS's response to their inquiry.

RS's untimely responses have affected customer satisfaction. Each year, RS conducts a Customer Satisfaction Survey to measure annuitant and survivor annuitant satisfaction with services provided by RS in the prior fiscal year. In FY 2015, the RS *Customer Satisfaction Survey* results reported that:

- Sixty-six percent of the respondents stated they were satisfied with the amount of time it took RS personnel to respond to their written correspondence dated on or after the start of the FY 2015; which was a five percent decrease from FY 2014;
- Twenty-one percent of the respondents were dissatisfied with RS's timeliness of resolving problems and complaints; and,

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<sup>2</sup> To assess how responsive legal administrative specialists are to messages left in their voicemail boxes, we selected a judgmental sample of legal administrative specialists to verify that annuitants are able to leave voice messages on legal administrative specialists' voicemail, and determine if legal administrative specialists respond to voice messages. Refer to *Appendix A: Scope and Methodology* for more details.

- Twenty-one percent of the written complaints from the survey indicated dissatisfaction with RS's responses to inquiries, noting multiple attempts to contact RS regarding this same inquiry, and untimely responses to inquiries.<sup>3</sup>

As the RS's Retirement Information Office is the primary avenue to access RS's Customer Service Office, the RS's untimely responses to annuitants' voice messages and written correspondence could be a cause for the high call volume. Annuitants not receiving timely responses are making multiple attempts to contact RS, which increases the number of calls received by the Retirement Information Office. If annuitants receive more timely responses, this could potentially reduce the number of times they contact the Retirement Information Office, essentially decreasing the number of busy signals and the long wait times.

### **Recommendation 1**

We recommended that RS establish written policies and procedures for legal administrative specialists to handle annuitants' phone inquiries including guidelines that ensure legal administrative specialists are retrieving voice messages regularly to avoid full voicemail boxes and returning calls within a specified time frame.

### **Retirement Service's Comments**

"Retirement partially concurs with this recommendation. RS has developed procedures and standard responses to the most common questions we receive from our customers. RS also has an Escalation Tracking tool to log and track phone calls received to ensure all inquiries are addressed in a timely fashion. Additionally, RS has developed a customer service chart guiding response times and customer service is part of the performance management plan for each employee. RS will review these procedures and if applicable, make appropriate updates."

### **OIG Comments**

RS should ensure that these policies and procedures include guidance for legal administrative specialists to retrieve voice messages regularly and return calls within a specified time frame to avoid full voicemail boxes.

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<sup>3</sup> The FY 2015 *Customer Satisfaction Survey* reported a total of 44 comments. Of the 44 comments, 29 were complaints. Six of the 29 complaints were related to dissatisfaction with RS's response to inquiries.



## **Recommendation 2**

We recommended RS allocate additional resources to address the backlog of written correspondences.

### **Retirement Service's Comments**

“RS concurs with this finding and was working on this issue prior to this evaluation. In this [Final Report] *Draft Report*, the OIG also documents that Retirement Services had made a commitment to hire more personnel to address this issue. Specifically, RS/Retirement Information Office (RIO) is in the process of hiring 42 customer service specialists (20 on-board and are in the process of making 22 more offers). RS also notes that we are losing 20 in contractor support. Since RS has taken action on this item, we request that the OIG close this recommendation before the report is finalized since we are taking action to address this weakness. We must be clear that the additional hires may not [be] commensurate with our goals but positive action has been taken to move in this direction.”

### **OIG Comments**

Our recommendation is for RS to allocate additional resources to address the backlog of written correspondences. The allocation of additional resources should decrease the backlog. Our office does not consider the hiring of 42 customer service specialists as addressing this recommendation if those specialists are not allocated to reducing the backlog of written correspondence. As discussed in our finding “*Annuitants Experience Difficulty Accessing RS's Customer Service*,” the additional customer service specialists are being hired to address the Retirement Information Office's staff-to-customer ratio on the RS toll-free number.

## **Annuitants Experience Difficulty Accessing RS's Customer Service**

RS annuitants have access to customer service through multiple avenues, however they primarily use the toll-free number listed on OPM's website to access the Retirement Information Office. Our evaluation found that annuitants using the toll-free number are experiencing difficulty accessing RS's customer service. Specifically, annuitants are receiving excessive busy signals and long wait times when attempting to contact RS.

According to *OPM's Annual Performance Report for FY 2015*, RS did not meet its goal to handle at least 75% of customer calls. While the Retirement Information Office staff handled

approximately 1.37 million calls in FY 2015, they received 1,909,997 calls and averaged 24,036<sup>4</sup> busy signals per day. Annuitants who are able to get through on the toll-free number experience long wait times of up to 20 minutes or more before a customer service specialist can assist with their inquiry.

Annuitants have expressed dissatisfaction with access to RS's customer service via the toll-free number. Each year, RS conducts a *Customer Satisfaction Survey* to measure annuitant and survivor annuitant satisfaction with services provided in the prior fiscal year. The FY 2015 survey reported that overall customer satisfaction was 77%. However, when trying to find assistance within RS via the toll-free number, 22% of the respondents stated that the telephone rang without an answer or stayed busy and 25% stated they were left on hold for long periods of time. Additionally, 79% of the written complaints from the FY 2015 survey expressed dissatisfaction with the toll-free number indicating poor telephone service and long wait times.<sup>5</sup>

RS management is aware of the excessive busy signals and long wait times, and have attempted to address resource challenges by providing more automated services via *Services Online*. Despite the increase in services available online, only a little over 500,000 out of 2.6 million annuitants actually use this avenue to access RS's customer service. It is important to note that the average age of an annuitant is 72 and this age group generally is not technologically savvy nor do they trust technology. Despite annuitants increasing the utilization of Services Online, the Retirement Information Office's call volume remains high.

RS also added additional Retirement Information Office telephone lines to allow for more annuitants to access customer specialists and reduce busy signals. However, due to the Retirement Information Office staffing levels, the additional telephone lines actually increased wait times and led to higher abandonment rates. Given the high call volume, the Retirement Information Office does not have the staffing levels needed to provide adequate access to its 2.6 million annuitants. Currently, the ratio of Retirement Information Office customer service specialists, and contractors to annuitants is approximately 27,000:1.<sup>6</sup> In FY 2014, RS management reached out to other agencies with similar call volumes, such as the Social Security Administration, to explore staffing ratios and best practices for addressing busy signals and long wait times. The Social Security Administration's service representative-to-customer ratio was 8,000:1, which is considerably better than the Retirement Information Office's and could be considered a best practice.

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<sup>4</sup> This average was generated from Retirement Information Office's reporting of FY 2015's average busy signals per day from the second, third and fourth quarter. The first quarter's average was unavailable.

<sup>5</sup> The FY 2015 Customer Satisfaction Survey reported a total of 44 comments. Of the 44 comments, 34 were complaints. Twenty-three of the 34 complaints were related to dissatisfaction with the toll-free number.

<sup>6</sup> RS currently has 78 Retirement Information Office staff, as well as 15-20 contracting staff until the contract ended on July 31, 2016.

This fiscal year RS management plans to hire an additional 42 customer service specialists, which will decrease the Retirement Information Office staff to customer ratio of approximately 19,000:1. Although the increase in staff may help to reduce busy signals and long wait times, the ratio is still too high to provide annuitants with adequate access to RS via toll-free number.

As a result of excessive busy signals and long wait times, annuitants who attempt to contact RS to make changes, obtain information, report a death, or apply for retirement benefits are unable to get the assistance they need. This lack of adequate access to RS could potentially lead to unnecessary hardships for annuitants, survivors, and family members, as well as potential overpayments being made by RS.

It is important to note the relationship between excessive busy signals and long wait times, and RS's untimely responses to annuitants' inquires. Annuitants not receiving timely responses are making multiple attempts to contact RS, which is potentially a contributing factor to the high number of calls received by the Retirement Information Office.

### **Recommendation 3**

We recommend that RS develop a plan of action to reduce the specialists to customer ratio to increase the access to RS customer service via the toll-free number.

### **Retirement Service's Comments**

“RS concurs with this finding but also needs to highlight that this was an area Retirement Services was actively working to address at the time of the audit. RS had taken the initiative by reaching out to other agencies, such as Social Security Administration (SSA) for best practices **and** has followed through and hired additional customer service specialists. Given the current budgetary challenges/constraints, RS has done its due diligence to address and improve in this area. In addition, we actively engage and educate the annuitant population to know about and use the self-service automated customer service tool *Services Online*. The increasing number of unique users documents our success and commitment to improving the level of customer service our clients receive...”

# APPENDIX A: SCOPE AND METHODOLOGY

We conducted this evaluation in accordance with the Quality Standards for Inspection and Evaluation, January 2012, approved by the Council of the Inspectors General on Integrity and Efficiency.

We performed our evaluation fieldwork from December 15, 2006 through June 21, 2015 at the OPM Headquarters in Washington, D.C., East Butler, Pennsylvania, and Boyers, Pennsylvania.

The scope of this evaluation was for fiscal year (FY) 2015. During the preliminary phase, we met with program managers and legal administrative specialists who handle annuitants' claims from RS' Retirement Information, Retirement Information & Correspondence and Customer Inquiries Branch to gain an understanding of each branches role in the customer service function. We also reviewed the RS Policy and Procedures Manual, Retirement Information Office Call Flowchart, and RS Organizational Chart as they related to the customer response process. In addition, we met with the OIG's Front Office and Office of Investigations to gain an understanding of the types of complaints they received from annuitants concerning RS. Based on our preliminary research, we focused fieldwork on two elements; (1) the access annuitants have to RS' services; and (2) the response time to resolve customers inquires.

To determine the level of access annuitants have to RS's services and the response time to resolve customers inquires, we analyzed the data related to RS's customer service. Specifically, we interviewed RS's customer service personnel to understand how RS processes and resolves inquiries via their toll-free number as well as written correspondence. We also reviewed OPM's Annual Performance Report for FY2014 – FY2015, results from RS's *Customer Service Satisfaction Survey* for FY2014 – FY2015 as well as results from various RS generated data reports. Due to the nature of the evaluation, we did not verify the reliability of the data reports generated by RS. However, while analyzing these reports, nothing came to our attention to cause us to doubt their reliability. We believe that the data in these reports was sufficient to achieve our evaluation objectives.

In addition, we conducted observations at the RS's Walk-In Center in Washington, DC, which included interviewing 21 visitors about their experience with accessing RS and its responsiveness to their inquiries. We also visited the Retirement Information Office in East Butler, Pennsylvania where we screened 38 annuitants' calls to determine their experience with accessing RS's customer service through the toll-free number.

To assess how responsive legal administrative specialists are to messages left in their voicemail boxes, we selected a judgmental sample of 50 legal administrative specialists to (1) verify that annuitants are able to leave voicemail messages on the legal administrative specialists'

voicemail, and (2) determine if the legal administrative specialists respond to voicemail messages. Using the RS organizational chart, we selected a sample of legal administrative specialists from the Retirement Information Office's operational areas that receive high volumes of escalations and obtained the legal administrative specialists' direct line from OPM's global directory. The direct lines for 11 legal administrative specialists were not listed in the global directory or some legal administrative specialists selected were no longer with Retirement Information Office. Therefore, we were unable to contact them and our sample was reduced to 39. To determine if RS responds timely to its annuitants' voicemail messages, we contacted all 39 legal administrative specialists and left voicemail messages in 34 legal administrative specialists' voicemail boxes, who were unavailable to answer our call.

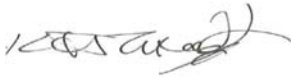
# APPENDIX B: MANAGEMENT COMMENTS



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

Retirement Services

MEMORANDUM FOR: WILLIAM W. SCOTT, JR.  
Chief, Office of Evaluations and Inspections  
Office of the Inspector General

FROM: KENNETH J. ZAWODNY, JR.   
Associate Director  
Retirement Services

SUBJECT: Inspector General Draft Report No. 4K-RS-000-16-023 on Evaluation of the U.S. Office of Personnel Management's Retirement Services' Customer Service Function

This memorandum is to acknowledge receipt of the Draft Report of Evaluation of the U.S. Office of Personnel Management's Retirement Services' (Report No. 4K-RS-000-16-023). Retirement Services appreciates the opportunity to provide comments on the draft report. Our responses to your recommendations are below.

## **Recommendation 1**

We recommend that RS establish written policies and procedures for LASs to handle annuitants' phone inquiries including guidelines that ensure LASs are retrieving voice messages regularly to avoid full voicemail boxes and returning calls within a specified time frame.

## **Management Response**

Retirement partially concurs with this recommendation. RS has developed procedures and standard responses to the most common questions we receive from our customers. RS also has an Escalation Tracking tool to log and track phone calls received to ensure all inquiries are addressed in a timely fashion. Additionally, RS has developed a customer service chart guiding response times and customer service is part of the performance management plan for each employee. RS will review these procedures and if applicable, make appropriate updates.

## **Recommendation 2**

We recommend that RS allocate additional resources to address the backlog of written correspondences.

### Management Response

RS concurs with this finding and was working on this issue prior to this evaluation. In this *Draft Report*, the OIG also documents that Retirement Services had made a commitment to hire more personnel to address this issue. Specifically, RS/Retirement Information Office (RIO) is in the process of hiring 42 Customer Service Specialist (20 on-board and are in the process of making 22 more offers). RS also notes that we are losing 20 in contractor support. Since RS has taken action on this item, we request that the OIG close this recommendation before the report is finalized since we are taking action to address this weakness. We must be clear that the additional hires may not commensurate with our goals but positive action has been taken to move in this direction.

### Recommendation 3

We recommend that RS develop a plan of action to reduce the specialist to customer ratio to increase the access to RS customer service via the toll-free number.

### Management Response

RS concurs with this finding but also needs to highlight that this was an area Retirement Services was actively working to address at the time of the audit. RS had taken the initiative by reaching out to other agencies, such as Social Security Administration (SSA) for best practices **and** has followed through and hired additional customer service specialists. Given the current budgetary challenges/constraints, RS has done its due diligence to address and improve in this area. In addition, we actively engage and educate the annuitant population to know about and use the self-service automated customer service tool *Services Online*. The increasing number of unique users documents our success and commitment to improving the level of customer service our clients receive. As stated in Recommendation 2, we understand our commitment and we are looking at all facets to improve the customer service level not just the toll-free number access point.

In conclusion, Retirement Services agrees and has already taken action on most of the recommendations cited above. It should be noted that during the judgmental sample in which the OIG left a voice message for an RS employee to respond back, employees have been advised as a standard practice to direct OIG inquiries to RS/Quality Assurance. Thus, it is likely that many employees would not contact the OIG in response to a voice mail message for them to contact OIG. In addition, the sample consisted of RS employees who were new employees in formal training who did not access their voicemail during this period. Retirement Services continuously works to improve our customer service to the annuitant and looks forward to working closely with the OIG to close all the recommendations.

The success of being able to address call wait times and responses to correspondence remains dependent upon our ability to continual fund these positions. We continue to work with leadership in OPM to identify the need to ensure the budget formulation of OPM and RS is accurate, but decreases in budgets has a negative impact on service.

# APPENDIX C: MAJOR CONTRIBUTORS TO THIS REPORT

## OFFICE OF EVALUATIONS AND INSPECTIONS

William W. Scott Jr., Chief

[REDACTED], Lead Program Analyst

[REDACTED], Program Analyst





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