

BENEFITS DISTRIBUTION; REDUCING THE ADMINISTRATIVE BURDEN

OVERVIEW

Former employees need to receive the benefits they are due.

CHALLENGE

Corporate resources tend to be stretched thin. The administrative task of distributing benefits can be a challenge especially when a Human Resource team is focusing on serving its current employees.

SOLUTION

Our administrative team evaluates the needs for assistance. The volume of calculations for a year is reviewed and a strategy is developed to streamline administration. There is little efficiency to be gained in the processing of one or two retirement calculations. A retiree's calculation tends to need immediate attention and holding calculations until there are enough to batch process is not an acceptable approach. However, former employees who are not at retirement age tend to represent the largest group of calculations performed during a plan year.

SHDR worked with our client to develop a distribution packet that is user friendly for their employee base. Our administrative specialists identified an approach to:

- Established a process for collecting data on terminated employees
- Grouped data on a periodic basis for batch processing
- Utilized a distribution packet of information to communicate benefits due and collect necessary distribution elections and information, like spousal consent or financial institution for rollovers
- Our administrative team followed up on missing election forms, answered participant questions and collected missing information
- A signature ready file was prepared for the batch distribution sheet, in compliance with the trustees distribution instructions, for directing the trustee to make payments
- A summary of distributions was provided to the plan administrator

RESULTS

Timely distribution of benefits helped to reduce administrative costs of tracking former employees and provided a consistent schedule of distributions on which that Human Resource managers can rely. Outsourced benefit administration enabled the Human Resource team to:

- Reduce their burdens on a cost effective basis
- Improved their focus on current employees
- Deliver benefits to former employees, on a regular basis, without distraction from other projects
- Lower plan costs by reducing PBGC premiums and the administrative costs of keeping up with more participants