


# *A Virus Makes Paperless Fund Administration Go Viral*

by | **Jenny Morgan**

In the good old days—prior to the COVID-19 pandemic—when people discussed the advantages of moving toward a paperless digital fund office and “going green,” the three main arguments in its favor were:

1. There is a significant ongoing cost savings from not printing and mailing thousands of documents to members on a regular basis.
2. The environmental impacts of printing and delivery of these documents is sizable, and concerns about the impact of climate change are growing among many.
3. Members see the advantages of—and often expect—24/7 access to their benefits information.

Some fund offices saw that operational efficiencies and resulting cost savings could be realized by going digital, even as they understood that the process could involve changing their familiar practices, investing in new technology, and retraining both staff and participants. Others saw the benefits but didn't consider it an urgent priority.



The COVID-19 global pandemic has added urgency to the case for paperless employee benefit fund administration. The author discusses how digital fund operations affect stakeholders and suggests steps for making the move.

# benefits

MAGAZINE

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Fast forward to March 2020. States and municipalities raced to introduce mandatory stay-at-home orders and social-distancing regulations, and “stay at home, save lives” became the rallying cry around the world. The staffs of many fund offices began working entirely from home. Others reduced the number of employees in their offices or had people work split shifts. “Going green” may have been compelling a few years ago, but by March 2020 many fund offices that previously had not considered going digital as an urgent priority suddenly were forced to rethink the way they had always done business.

Fund office business usually conducted via postal mail was affected, as the simple notion of collecting, opening and processing incoming mail suddenly seemed daunting. But with checks, pension applications, enrollment forms and other important documents still arriving via the post office, many offices had no choice but to send someone into the office to open, scan and route the mail to the right department for processing.

Customer service may have become strained as reduced staff scrambled to handle an increased volume of inqui-

ries from concerned members, retirees and employers, often while working from home. Some offices saw an uptick in active members seeking financial assistance, uncertain about COVID-19-related benefits changes or worried about their retirement security. Some members were afraid to even open their mail amid uncertainty about how the virus was spreading. Meanwhile, benefits administration staff were not immune to the personal stresses and impacts of the pandemic on their own families, health and financial well-being.

The fund offices that likely fared best during the unprecedented disruptions of spring 2020 were those that were already on their way to adoption of a paperless business model. Going green had provided them with the flexibility to adapt quickly to changing conditions, keep benefits moving and provide caring customer service without disruption. Because they were less reliant on stacks of paper, postal mail and fax machines, their fund office could be located anywhere.

In these digital-first offices, Consolidated Omnibus Budget Reconciliation Act (COBRA) self-pay and remittance payments come in online, with some even directly deposited into the

fund’s accounts. Paperless pension applications, benefits enrollment forms, supporting documentation, address changes and other key information are uploaded to the fund’s benefits processing system and automatically routed to the right person for processing—whether that person is working from home or in the office. Members can view and print explanation of benefit (EOB) forms and replacement ID cards, check their deductibles and annuity statements, update their contact information and even explore their retirement options online, 24 hours a day. Employers can submit reports and remittances without having to go to the office, write a check, or stuff and mail an envelope. Retirees can be confident that their pensions have been directly deposited into their bank accounts. Trustees are able to view critical reports online and conduct meetings via video-conference.

Many of the advantages of the paperless office that were preached previously were realized and suddenly were even more apparent to all. As benefits administrators adjust to a new normal and recognize that they may need the flexibility to communicate with and serve their customers without relying on paper, many are reprioritizing adoption of the digital fund office.

## Evaluating the Needs of Affected Groups

Even as they acknowledge the advantages paperless fund offices have had in adapting to changing conditions, some administrators wonder how best to make the shift and start seeing the rewards.

Let’s acknowledge the obvious: Change is hard. Implementing a major

## takeaways

- The advantages of paperless administration for employee benefit fund offices include savings on printing and mailing costs, reduced environmental impact and 24/7 access to benefits information for members.
- Paperless administration has become more attractive during the COVID-19 pandemic because it allows fund offices to more easily continue to deliver services to members while working remotely.
- Using paperless administration, both fund members and employers can exchange information and payments directly with the fund without needing to mail documents or checks.
- When planning to move to paperless operations, funds should decide whether they want to start with inbound or outbound communications.

change on the heels of a disruptive pandemic can feel like a challenge. Moving to a paperless office means *more* disruption, at least temporarily, for many key stakeholders. But if ever a situation demonstrated the advantages of moving on from the paper pile, COVID-19 is it. The following describes the benefits of paperless administration for each group.

### 1. Plan Participants and Dependents

Changing workforce demographics are rapidly favoring a move to paperless online member service. The average age of today's construction trade member is 42.3<sup>1</sup> years, putting them squarely within a demographic in which 97% of Americans go online every day.<sup>2</sup> Today more than 70% of consumers rely on online banking,<sup>3</sup> more than 100 million people—a third of all Americans—have an Amazon Prime membership,<sup>4</sup> and 90% of all consumers expect a business to offer online customer self-service.<sup>5</sup>

During the height of the COVID-19 crisis, plan participants in many industries were directly impacted. Some were on the front lines of the pandemic, serving in health care or emergency response or as essential workers in grocery stores. Others saw construction projects grind to at least a temporary halt—along with hours and steady paychecks. Affected members and their families had an immediate, urgent need for the latest information and real-time access to their benefits, giving them a compelling incentive to look to online self-service.

As an example, trustees at one large fund office offered members an early vacation payout to help with the financial strains of the pandemic, encouraging eligible workers to apply

for the payment online and have it direct-deposited. Within weeks, more than 80% of the fund's active participants had signed up for the fund's self-service member portal and, as a result, were able to get their money quickly when they really needed it. This will also benefit both the fund office and members longer term, as they're able to stay connected online and exchange information and payments directly, without the need for mailing documents or checks.

What about retirees? Some pension administrators worry that seniors can't handle a shift to online information. While they're not as addicted to digital devices as their children and grandchildren, a 2020 AARP study<sup>6</sup> found that 81% of those over age 60 have a smartphone, and 95% of them use it daily. For the retirees who prefer paper, funds can still offer them the ability to receive mailings if they so desire.

### 2. Employers

As they dealt with changing work volume and increased fears for personal safety, many employers were themselves reluctant to go into an office to file required eligibility reports and remit payments. When fund offices offered them paperless tools like a secure website or self-service web portal, employers were able to conduct routine business safely online without any disruption to service or late payment fees. They also could find resources there to help them understand and meet rapidly changing regulatory requirements.

### 3. Trustees

There certainly are costs involved in making the switch to paperless, and trustees will want to know the ramifica-

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tions. Fortunately, these are the easiest benefits to quantify.

Trustees should take stock of what the fund is currently spending on paper, printing, ink and postage and estimate the time spent having staff stuff envelopes instead of helping members. These hard costs add up. They also should factor in whatever accommodations the fund had to make to continue to send and receive postal mail during changed operating conditions related to coronavirus.

Trustee responsibility also means watching out for the security of sensitive fund office data. How secure and recoverable are paper records? Digital records live on in the secured cloud, easily recoverable even when your physical office space is not open.

### 4. The Team

When the pandemic disrupted their offices' normal operations, it also gave forward-looking administrators a chance to spot longtime inefficiencies and an opportunity to improve them.

Usual ways of doing business were scrutinized. Fund offices should consider how much time it takes the team to enter data into the system from paper applications and other documents received by mail. How long does it take to track down errors related to misdirected or lost mail, correct errors or misprints in already-mailed docu-

ments, or respond to requests from members who are undergoing some change that affects their eligibility or benefits?

Digital storage (especially in the cloud) takes up no precious real estate, is backed up and secured, is quickly and easily searched as needed, and can be accessed without going into the office.

### The Ins and Outs of Planning a Move to Paperless Operations

Due to conditions few could have predicted, in 2020 the case for the shift to paperless benefits administration suddenly got even stronger. Whether a global health crisis, civil turbulence, disasters caused by Mother Nature, or some other unforeseen situation, everyone is sure to face some kind of future disruptions to their familiar business practices. Being ready before that happens is part of the responsibility to the workers and businesses that fund offices serve.

Here are a few simple steps fund administrators should consider when launching the process:

- **Start by looking at where you are today.** Add up the budget for paper, printing and postage. What bottlenecks typically frustrate the team or plan members? Are there major events like annual benefit enrollment or pension plan updates coming up that typically require lots of paper communication with plan participants? How has relying on paper made it more difficult for the team to thrive while working from home?
- **Make the case.** Trustees can see the financial advantages and will appreciate the reduced risk of not requiring employees and members to go into the office. Staff who might previously have resisted giving up their paper files now can appreciate why having access to the information online gives them more flexibility to work from home. Members, retirees and employers will likely get better, faster, more convenient service—and paired with an incentive like the previously mentioned early vacation payout, many will be more than ready to sign on.
- **Weigh starting with inbound vs. outbound documents.**
  - Outbound:** Many organizations begin with paperless outbound communication, such as plan disclosures, because that's where savings in paper, printing and postage are easiest to quantify. Recent regulatory changes allow plans to distribute many more docu-

ments digitally, including COBRA notifications and retirement plan disclosure documents.<sup>7</sup> The Department of Labor (DOL) estimates that plans will save up to \$3.2 billion by moving these documents to paperless delivery.<sup>8</sup> A secure web portal can efficiently deliver digital records and information to your stakeholders, and text or email alerts let them know there's a new document available for them to log in and view. Plans should consult with plan counsel as they build the list of documents they want to distribute digitally to ensure they are in compliance with DOL regulations.

- Inbound:** For some plans, starting with inbound communications like pension applications or change-of-address forms makes more sense, especially when staff efficiency and time is a priority. If the fund is receiving a large volume of pension applications, supporting documents like birth certificates, or annual benefits election forms, the fund may be able to dramatically improve the process by having members submit these online instead of mailing them in. If electronic workflow is incorporated into the new paperless office model, those inbound forms can be automatically routed to the team for processing as they are received, greatly boosting efficiency whether they are in the office or working from home.
- **Evaluate tools and technology.** Essentials to starting a digital fund office are secure web portals for members and employers (and maybe trustees) and a cloud-based benefits administration system. To super-charge the paperless process, funds can consider adding automated workflow tools to move documents through your process and an enterprise content management (ECM) system that lets the fund scan, store and retrieve digital documents.
- **Start small and add on incrementally.** Funds don't have to do it all at once. Funds that already have a website can start by sharing information there instead of via mailings. If they haven't collected enough participant email addresses to move less sensitive communications to email, they should consider what messages and incentives to include in the paper mailing to collect more. Fund offices going through this transformation successfully learn as they go and adapt their plan as they see what's working best (or what isn't).

Fund offices may need to enlist the help of vendor partners with some of these moves. Whether this is a new idea for the fund or it's been considering the paperless paper path before, for many administrators this may be the right moment to turn a paper-laden benefits office into a modern, efficient and secure digital operation that boosts service to stakeholders and prepares the fund for whatever challenges or opportunities are ahead.

### **“Change Is Inevitable—Except From a Vending Machine.”—Robert C. Gallagher**

Moving to a digital-first paperless fund office has many advantages, but it's not without risk or cost. There can be significant up-front expenses in acquiring the right technology, reorganizing an office, retraining a team and converting reams of critical paper documents into useful digital form. Some staff love their paper and their familiar processes so much that they'll drag their feet; others will enthusiastically embrace the idea but may grow frustrated as a prudent incremental approach takes time to implement. Funds should consult with fund counsel to review all policies related to the switch to be sure they're maintaining compliance with the latest DOL guidance.

Even with many compelling reasons to move online, funds may find it challenging to collect a critical mass of emails from members and employers and get them registered for and accustomed to using your new self-service portal. (Tip: Make portal sign-up a standard part of onboarding new members and employers.)

Sometimes it takes a crisis to help us realize that the future is now. But even without an urgent crisis, the winds of change are inevitable. Could most people have imagined the rapid adoption and daily use of personal assistant devices such as the Amazon Alexa or Google Assistant even a few short years ago? It's not hard to imagine that, in the future, members will expect to use voice commands to interact with their benefit administration systems. Intelligent “chat bots” will be able to handle a majority of member questions.

More digital innovations are coming to fund offices, and going paperless is the foundation to this vision of the future. For anyone who doubted the urgency of the need for change, the events of 2020 likely have shaken them from complac-

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cy. And if recent history tells us anything, it's that the next big disruption that forces us all to innovate overnight may be one we don't even see coming. 🐼

### **Endnotes**

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