Mercer's Taxation Tool Reduces Call Center Errors

Mercer
Best Use of Performance Support
August 2018

Company Background

Company-at-a-Glance	
Headquarters	New York, NY
Year Founded	1942
Revenue	$4,200,000,000
Employees	20,000
Global Scale	130 countries
Customers/Output	Mercer helps clients advance the health, wealth, and performance of their people. Clients include international companies of all sizes.
Industry	Human Resources Consulting
Stock Symbol	MMC-Parent Company
Website	https://www.mercer.com

Budget and Timeframe

Number of (HR, Learning, Talent) employees involved with the implementation?	**4**
Number of Operations or Subject Matter Expert employees involved with the implementation?	2
Timeframe to implement	2 months
Start date of the program	March 2017

Business Conditions and Business Needs

In the retirement administration industry, rules for taxation are based on legislation. As interpreted by the IRS, those rules may be expressed in legal language that challenges even seasoned financial advisors.

Whether contacting new pension representatives in a call center or veteran, certified financial planners, clients expect them to have a basic understanding of the taxes when withdrawals are taken from a 401k, a lump sum is requested from a pension plan, or a IRA is rolled over. The greatest concern of such clients is how much money they will receive once the transaction is completed. Participants/clients may have made sacrifices in putting money away for retirement – perhaps brown-bagging lunch for 20 years – and the impact of IRS tax rules and plan requirements are critical data.

One obstacle to having call-center representatives well versed in the data is turning the legal language into understandable language. To become proficient, representatives must learn the concepts and practice delivering them in simple language. For many years, the client expected call-center representatives to explain taxation on an elementary level and, if further information was needed, to refer the participant to "consult with a tax advisor."

However, to stay competitive and retain clients, organizations needed a higher level of service. This need was the impetus for Mercer to create new tools and training materials regarding taxation of retirement benefits.

Overview

Multiple goals inspired the project. In pension and 401k administration, trainees struggled to understand the concept of the 10% penalty for early distributions from qualified retirement plans and exceptions to the rule. Retention was a problem, especially for newly-trained representatives since they initially take easier calls and there is significant time between training and when they take increasingly complex calls where the concepts are critical.

Mercer developed the new tool and an accompanying module for ongoing training targeted to call center representatives. The new program integrates with the foundation curriculum for new reps.

This program simultaneously filled both the objectives of one client and simplified the training to increase productivity and reduce errors in the call center.

Design

The tool and training were designed for 401k and pension call center representatives. The tax-penalty tool uses an advanced Microsoft Excel spreadsheet that utilizes a question/answer process. The process requires input by the trainee or representative and gives an immediate answer to whether or not a tax penalty applies.

The training module is a PowerPoint presentation and learner guide that describe when the 10% penalty applies to pension withdrawals, how elected marital status impacts federal tax withholding, how to calculate the federal tax withholding, and how to appropriately consult on state tax withholding. The training utilizes graphics and multiple scenario-based exercises to encourage interactive learning in a classroom setting. This training is then re-enforced through mock-call scenarios.

A critical factor in the training was ensuring that representatives learned the material using simplified language based on the legal language and then could use the simplified versions of the rules and regulations in conversations with the average pension or 401k participant.

Figure 1: Training version of the tool

A	B	C	D	E	F	G	H
Disabled	**Payment Option**	**DOB**	**DOT**	**BCD**	**Age at Term**	**Age at BCD**	**Penalty**
No	Lump Sum	10/4/1963	11/10/2017	11/10/2017	54 yr 1 mo	54 yr 1 mo	Yes

Source: Mercer

Delivery

The training was added as part of the retirement foundation-curriculum and delivered in an interactive class setting by learning and development facilitators. The training also was applied as a client-specific training to new representatives and tenured representatives and was delivered by call center supervisors due to the timing of a client's request for an increased level of consultation on taxation for its specific pension plan.

Measurable Benefits

The greatest measurable benefit was the client's satisfaction with the results of the program. The client that requested the training saw a reduction in escalations and errors. This program was a critical part of the client's decision to renew its contract, worth an estimated $48 million.

In fact, errors regarding taxation were greatly reduced among all clients. In 2016, critical errors occurred at a rate of 2-4 errors or escalations per quarter. In 2017 after the tool and program were integrated, the errors were reduced to such a relatively rare rate of occurrence that there were no reported errors. This result increased participant satisfaction, decreased call time due to reduction in time required to communicate concepts to participants, reduced the need to rectify errors, and cut the number of times issues had to be escalated.

Overall

In the end, the program had multiple positive results. In particular, the tool helped engage representatives in learning and communicating the concepts. No longer did they have to rely on reading the legal language and doubting their ability to consult on the issue. An increase in their ability to consult on taxation was reflected in their overall tone and confidence, improving both the satisfaction of the participant calling in for information and the job satisfaction of the representatives who feel empowered and look forward to making a positive impact on participants.

This tool and training applied a previous tool designed to resolve a recurring issue with participants starting pension payments, showing that modifying previous models to other client needs is efficient and effective. Thus, the Mercer training team is encouraged to look at previous tools to meet client needs and for continuous improvement.

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