

# Office of Management and Budget Clearance Package

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2011 Communications Research Among Small Business  
Owners:

Office of Employee Plans

Internal Revenue Service  
Tax Exempt and Government Entities Division

**March 15, 2011**

## Introduction

### Background

The IRS Office of Employee Plans is responsible for overseeing the nation's retirement plans. This responsibility includes ensuring that plan sponsors – employers with retirement plans – comply with the legal requirements of the U.S. Tax Code. While the work itself is generally conducted in the financial world by accountants, attorneys and actuaries, the greatest impact is on average citizens who participate in plans and need the assurance that there will not be an unexpected tax event due to some error in their plans.

According to recent research, fewer workers report that they and/or their spouse have saved or are currently saving for retirement.<sup>1</sup> Indeed, total U.S. retirement assets were \$15.7 trillion as of June 30, 2010, down 5.1 percent from \$16.5 trillion on March 31, 2010.<sup>2</sup> Specifically, access to and participation in retirement benefits is lower among those who work at establishments with fewer than 50 employees.<sup>3</sup>

To help offset this lack of access and participation—particularly as it relates to small business owners—the Office of Employee Plans provides retirement planning resources. More specifically these resources include—but are not limited to—the Retirement Plans Community website, the Retirement Navigator website, web-based educational videos, and e-newsletters that are specifically designed to make it easier for small business owners and their employees to enroll in and maintain tax-compliant retirement plans.

The Office of Employee Plans would like to improve and expand its outreach to the small business community by better understanding where members of this community go for information specific to starting or maintaining a retirement plan. To help meet this objective, the Office of Employee Plans has partnered with Porter Novelli Public Services (PNPS) to conduct formative research among members of the small business community and in particular, those with 2-14 full-time employees, to better understand the following:

- What their general attitudes are specific to choosing, maintaining, and correcting a retirement plan
- What the barriers are to establishing retirement plans
- Where they go for information about retirement plans
- What information or guidance they would like to see developed by the IRS specific to retirement plans
- How they would like to receive such information
- How aware they are of IRS's existing retirement plan outreach programs/materials
- How the IRS's current communications materials designed to explain starting, maintaining, and correcting a retirement plan could be improved

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<sup>1</sup> EBRI.org, *Issue Brief - March, The Retirement Confidence Survey*, March 2010, No. 340 (pages 14-15)

<sup>2</sup> Investment Company Institute (ICI), *The U.S. Retirement Market*, October 2010 Vol. 19, No. 3-Q2.

<sup>3</sup> Bureau of Labor Statistics, *Employee Benefits in the United States*, March 2010 (page 6).

## Objectives of Data Collection

The objectives of this data collection effort include gathering information from those responsible for employee benefits and retirement plans at small businesses (2-14 employees), specific to the following:

- Where do small business owners go for information about obtaining/maintaining their retirement plans?
- What are the barriers to establishing a retirement plan?
- Why do or why don't they use IRS's programs/tools specific to retirement plans?
- Through what mediums do they most prefer to receive information?
- In what ways can IRS's current retirement plan resources be improved?

The project will encompass: recruiting participants, moderating focus groups, analyzing qualitative data, and preparing a report for the Office of Employee Plans that summarizes the findings gleaned from participants. Findings will be used to develop and improve the IRS's retirement plan resources for the small business community. **The feedback received will not institute new policy, yet enable the IRS to effectively meet taxpayer needs.**

## Methods

To accomplish the objectives of this project, PNPS will conduct six in-person focus groups, comprised of the following audiences:

- Small businesses (2-14 employees) that do currently have a retirement plan in place for employees
- Small businesses (2-14 employees) that do not currently have a retirement plan in place for employees

To better understand the barriers associated with small businesses offering retirement plans for their employees, four of the six groups will be conducted among small businesses that do not currently have a retirement plan in place. Three of the focus groups discussion sessions will be held in Baltimore, MD and three will be held in Atlanta, GA, as is further highlighted in the table below:

<u>GROUP</u>	<u>Baltimore, MD</u>	<u>Atlanta, GA</u>
Small Businesses with Retirement Plan	1 group	1 group
Small Businesses without Retirement Plan	2 groups	2 groups

All focus groups will be designed as directed discussions of respondents' awareness and use of IRS resources, other sources they turn to for information about retirement plans, what needs have yet to be filled by IRS tools/resources, and the audiences' preferred

mediums of communication about issues relating to retirement plans. Focus groups employ group interaction to stimulate relatively spontaneous responses to the supplied topics and materials. This methodology provides insight and direction, not quantitatively precise or absolute measures. As such, focus groups are useful for gathering information and testing hypotheses based on participants' opinions. The main advantage focus groups offer is the opportunity to observe considerable interaction on a topic in a limited period of time, with the ability to ask follow-up questions to ensure a clear understanding of respondents' preferences. In fact, the number of individuals per session affords considerable reaction and subsequent probing on a given subject matter and increases the opportunity for multiple reactions to be gleaned. An important aspect of these groups is that they give rise synergistically to insights and solutions that may not come about without them, and they serve as a useful check for unintended interpretations of materials. Focus groups are also a useful methodology in that they create a comfortable environment in which respondents from similar backgrounds can interact openly and share their thoughts and opinions.

Step 1 – The Office of Employee Plans met with PNPS to discuss previous research findings to determine the objectives for this project. After clarifying objectives for the qualitative sessions, PNPS developed a screening questionnaire (see Attachment 1) to recruit participants and a moderator's guide (see Attachment 2) to be used during the focus groups.

Step 2 – To obtain a diverse group of participants, the Office of Employee Plans collaborated with PNPS to determine segments of the target population who meet the specified recruitment criteria for this research effort. (See "Sample Design" section, below, for more information on participant identification.)

Step 3 – A professional moderator contracted by PNPS will conduct the discussion sessions. The focus groups will be DVD recorded (with participants informed in advance). All respondents' identities will be kept private.

Step 4 – Notes taken while watching all focus group sessions and on-site recordings will serve as the data collection and the foundation of the analysis. PNPS will review each set of data and summarize findings identified during the group discussions. Study analysts will examine recordings to summarize findings and identify patterns where possible in participants' answers to the questions in each segment of the discussion guide. Notes will be reviewed to explore additional themes and to confirm results. Differences across group location and segment will be noted when appropriate, but given the qualitative nature of this research, findings will be considered descriptive and directional but not definitive. No names will be associated with individual respondents' comments in the final report. No attempt will be made to generalize the findings to a larger population. Upon conclusion of the research, PNPS will submit a summary report of findings. In

addition, the Office of Employee Plans will be provided recordings of all focus group sessions.

## Sample Design

Focus group facilities wherein the groups are conducted will recruit participants. PNPS primarily selects facilities based on their ability to recruit appropriate participants within the facility's existing databases. Facilities may supplement these lists with other means of reaching the target audience, such as placing ads in newspapers. All individuals contacted would be screened appropriately before being invited to participate. The sample will be comprised of those in charge of employee benefits and retirement plans at small businesses. This umbrella audience will be further segmented to better understand the following sub-audiences:

- Small businesses that currently have a retirement plan in place
- Small businesses that currently do not have a retirement plan in place

To the extent possible, we will also obtain a mix of individuals from the following types of small businesses:

- "New" small businesses (e.g., small businesses that have been in existence for less than five years)
- "Established" small businesses (e.g., small businesses that have been in existence for 5 or more years)

## Data to be Collected

**Attachment 2, *Moderator's Guide***, contains topics for discussion and outlines the information that will be collected from participants. Primarily, the Office of Employee Plans seeks to obtain information about where the target audience goes for information about establishing and/or maintaining a retirement plan, what the potential barriers are to establishing a retirement plan at a small business, and current use of/preferences/comfort with various communication channels through which the IRS can keep the target audience informed. PNPS is working with the Office of Employee Plans to identify which examples of current IRS educational materials to have respondents review (e.g., *Retirement News for Employers* newsletter, Retirement Navigator website homepage). The crux of the groups will focus on how the Office of Employee Plans can best communicate with and reach these audiences.

## How Data will be Collected and Used

All focus groups will be DVD-recorded using professional equipment. The collected data will inform the final report. Respondents will be informed that the sessions are recorded. Notes taken while watching all focus group sessions and DVD recordings will serve as the primary methods of data collection. Specifically, focus group notes and recordings will be reviewed for recurring themes stated across multiple focus groups and respondents.

The findings will be reviewed by the Office of Employee Plans. Once the report is deemed final, findings will be used to develop new materials and update existing materials as well as inform future and existing outreach strategies among the target audience.

## **Dates Collection Begin/End**

PNPS will begin recruiting for participants for qualitative research efforts March 21 – April 4. Qualitative research will be conducted April 6 – 8. Two groups will be conducted per day, with a ½ day – 1 full day allowing for travel between focus groups, depending on the location.

## **Who is Conducting the Research**

PNPS is responsible for managing the recruitment and screening of participants by professional focus group facilities, preparing screener and moderator guides, moderating the groups, and compiling and summarizing the results. They have research analysts trained in all aspects of qualitative research, including moderating the focus groups, analyzing the qualitative data, and preparing report findings. PNPS has conducted similar work for many government entities, including some recent qualitative research for the Taxpayer Advocate Service.

## **Cost of Study**

The estimated cost of this study is \$68,890. This amount includes travel expenses for PNPS research staff and moderators to travel to two U.S. locations; costs to recruit participants and conduct six in-person focus groups (3 in each location) with six participants per session; and costs to analyze and report on the focus group results.

## **Stipend**

Participants will receive a cash stipend for their participation, intended to reimburse for expenses such as transportation and child-care, ranging from \$110 - \$150. The selection of these amounts comes from the recommendations received directly from the focus group facilities that are recruiting and hosting the groups in each city. There are several factors that determine the amount offered to participants. As background, amounts are determined by a facility's ability to guarantee show rates. These show rates, or the rates at which respondents will "show" for research events, are tracked over time. Once show rates fall beneath the accepted industry average, facilities are forced to increase the amount. Further, these amounts are necessary given the highly selective nature of the population under exploration.

## **Recruitment Efforts**

The vendor will be responsible for recruiting the focus group participants. The vendor has agreed to use specially designed screening (see Attachment 1) to ensure the participants meet the requirements of our study.

## **Location and Facility**

The Office of Employee Plans would like to conduct six focus groups. The focus groups will be held in Baltimore, MD and Atlanta, GA, with three sessions held in each location. The groups will be held in facilities selected by the vendor. All facilities will be suitable for conducting focus groups

In all sessions, a trained moderator will facilitate discussion as described in the Moderator's Guide (see Attachment 2).

## **Expected Response Rate**

The expected response rate is approximately 1-in-20. This is based upon prior experience in conducting similar research. With regard to the low response rate, the IRS will assume that all data collected from this survey is qualitative in nature, and that no critical decisions will be made by the Office of Employee Plans solely from the analysis of data from this research.

## **Methods to Maximize Response Rate**

Up to eight participants will be recruited to attend each in-person focus group. This will increase the likelihood that focus group discussions can be held with at least six individuals. A stipend will also be provided to all participants who show up for the focus groups, regardless of whether they are selected to participate. This practice has proven itself as a valuable tool for increasing participation rates.

## **Test Structure/Design**

The Moderator's Guide (Attachment 2) serves as a road map to the focused discussion. The moderator has a clear understanding of the Office of Employee Plans' true purpose and can direct the discussion through the key issue areas. The guide has been approved by IRS staff.

Members of PNPS' research staff will attend each focus group and members of the Office of Employee Plans staff will attend the local groups (Baltimore, MD) to the extent they are available. After each group, PNPS' research staff and IRS staff will meet with the moderator to debrief and compare notes. If problems arise, modifications can be made to the Moderator's Guide for subsequent groups. IRS staff will be able to view the focus groups they do not attend via the DVD recordings.

## **Efforts to not Duplicate Research**

The Office of Employee Plans has not conducted research among this audience in the past; therefore, this effort would not duplicate any previous research.

## **Participant Criteria**

The sample will be comprised of those responsible for employee benefits and retirement plans at small businesses (2-14 employees). This umbrella audience will be further segmented to better understand the following sub-audiences:

- Small businesses that currently do have a retirement plan in place
- Small businesses that currently do not have a retirement plan in place

To the extent possible, we will also obtain a mix of individuals from the following types of small businesses:

- “New” small businesses (e.g., small businesses that have been in existence for less than five years)
- “Established” small businesses (e.g., small businesses that have been in existence for 5 or more years)

Potential participants will be further screened using a Screener Guide (Attachment 1) to ensure that participants are currently responsible for employee benefits and/or retirement plans within their small business.

## **Privacy/Disclosure/Anonymity/Security Issues**

The Office of Employee Plans will ensure that the utmost scrutiny is given to privacy, security, and disclosure when reporting the comments from the research. Only first names will be used in both recruiting and group conduct (first initial of last name will be used if there are duplicate names). No individual taxpayer data will be used for this project. Only qualitative data derived from discussions will be used in the report. We will limit and control the amount of information that we collect to those items that are necessary to accomplish the research objectives.

PNPS will be responsible for recruiting and screening participants, preparing screener and moderator guides, moderating the groups, and compiling and summarizing the results. The interviews will be conducted at professional testing facilities in two cities. We will protect the privacy of the participants by not using names in the report. We will also control official access to the information and will not allow public access to the information.

We will apply fair information and record-keeping practices to ensure protection of all participants. The criterion for disclosure laid out in the Privacy Act, the Freedom of



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Attachment 2

Information Act, and section 6103 of the Internal Revenue Code provides for the protection of information as well as its release to authorized recipients.

## Burden Hours

The estimated time to complete the participant screening is 4 minutes and the estimated time for each in-person focus group attendee is 2 hours (i.e., 1.5 hrs. to attend and .5 hr. of travel to/from focus group). We will assume a 1-in-20 success rate in soliciting qualified participants.

<b>Screening Burden</b>		
<b>In-person groups:</b> Total number of potential participants screened (to include 2 alternates per focus group for a total of 8 participants recruited per group) for 6 in-person groups is: (20 attempts x 8 recruits = 160 screenings per focus group; 160 screenings x 6 in-person focus groups = 960 people)	960	People
Estimated time to complete screening	4	Minutes
Estimated participant screening burden (960 x 4 minutes = 3,840 minutes / 60 minutes = 64 hours)	64	Hours
<b>Focus Group Participation Burden</b>		
Estimated number of participants: <b>In-person groups:</b> 36 participants, total		
Baltimore, MD – 3 groups, 6 participants, each (3 groups x 6 participants = 18 participants)	36	People
Atlanta, GA – 3 groups, 6 participants, each (3 groups x 6 participants = 18 participants)		
Time to conduct the focus group (1.5 hours)	1.5	Hours
Time to travel to/from <b>in-person</b> focus group (.5 hours)	.5	Hours
Estimated <b>in-person focus group</b> participant burden: 36 participants x (.5 hours travel + 1.5 hours participation) = 72 hours 12 alternates x .5 hours travel = 6 hours	78	Hours
<b>Total burden</b> (screening and focus group participation) (64 screening burden hours + 78 focus group burden hours = 142 hours)	<b>142</b>	<b>Hours</b>

## Study Contact

For questions regarding the study, contact:

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Attachment 2

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