

## SUPPORTING STATEMENT - PART A

### Exchange Employee and Retirement Benefit System

OMB Control Number 0702-0139

#### 1. Need for the Information Collection

The Army and Air Force Exchange Service (AAFES) is a Non-Appropriated Fund (NAF) Instrumentality of the United States of America. This information collection is required to process and administer a number of different benefits available to eligible AAFES employees, former employees (retirees), their dependents, beneficiaries, spouses, and ex-spouses. The data collected allows for the accurate and timely processing of all pay, salary, health, retirement, annuities, and beneficiary funds by the AAFES Human Resources (HR) offices and the Finance & Accounting Treasury Benefits department.

- Title 10 U.S.C. 7013, Secretary of the Army, and Title 10 U.S.C. 9013, Secretary of the Air Force, delegate authority to AAFES for mission activities including the authority for the collection of personal information from individuals of the public for use in AAFES pay systems.
- Executive Order (EO) 9397 (SSN) as amended, provides the authority for the collection of Social Security Numbers (SSN).
- The retirement plan is governed in accordance with Department of Defense Instruction (DoDI) 1400.25, Volume 1408, DoD Civilian Personnel Management System: Insurances and Annuities for Nonappropriated Fund (NAF) Employees and the Basic Retirement Plan for Employees of the AAFES Plan document.
- DoD Directive 7000.14-R, Volume 13 and 16, DoD Financial Management Regulation provides the authority for the withholding and payment of garnishments, taxes, and FICA.
- Army Regulation 215-8/AFI 34-211(I) authorizes funds for the operation of day-to-day personnel administration of employees paid with NAFs to include, but not limited to, recruitment, placement, position classification, salary and wage administration, training, personnel records maintenance, employee relations, and personnel matters.

#### 2. Use of the Information

This collection of information is necessary to provide adequate information for Insurance Providers under contract with AAFES for provision of timely health care services to AAFES employees and to designate specifics on life insurance beneficiaries and annuities. Collection of information relative to health and dental insurance plans is covered under the

Department of Defense Non-Appropriated Fund Health Benefits Program (DoD NAF HBP).

AAFES secured on-line e-Benefit program is administered by Willis Towers Watson (a global multinational risk management, insurance brokerage and advisory company). AAFES allows new hires the opportunity to enroll in a full range of benefits, which include health, and life and disability along with Health Care Flexible Spending Accounts (HCFSA) and Dependent Care Flexible Spending Accounts (DCFSA). Employees use this system to enroll when hired, during annual Open Enrollment, and after family status changes. Employees also use e-Benefits to designate and change beneficiaries. AAFES offers Exchange Form 1700-012, "Beneficiary Designation," to retirees who wish to update their beneficiary information manually, vice on-line.

Retirement plans cover all AAFES Regular Full-Time employees whose wages are paid with U.S. dollars. Currently AAFES offers only manual enrollment for annuities through Exchange Form 1450-011, "Annuity Application." Form 1450-011 requires an original handwritten, witnessed signature.

#### **AAFES e-Benefits Secured Web-Based Insurance Enrollment**

The on-line AAFES e-Benefits program collects the specifics on an AAFES employee's choices of insurance. Willis Towers Watson, administrator of the program, maintains all information collected and immediately provides data to insurance organizations and to AAFES payroll for record keeping purposes, tax reporting, and bi-weekly premiums to be deducted from the employee's pay. AAFES Human Resources provides employees information and instructions for entering and completing information in e-Benefits. E-Benefits electronically receives employee personnel information from AAFES' Personnel Management System and is verified by the employee when entering the system.

#### **Exchange Form 1700-012, "Beneficiary Designation"**

Exchange Form 1700-012 is used by AAFES retirees who wish to update or change any beneficiary information related to their retirement plan, life insurance plans, and 401(k). A retiree wishing to update or change their beneficiaries may obtain Form 1700-012 on-line at <https://www.aafes.com/Images/Community/AREA/retiree-form-beneficiary.pdf>, through their local AAFES HR Office, or AAFES Headquarters Treasury Benefits by either mail, e-mail, or telephone. Once requested, AAFES will provide Form 1700-012 to the retiree through mail or e-mail. Retirees may choose to visit their local AAFES facility to obtain the form immediately. Once the form is completed and signed by a witness, the retiree may deliver it in person to their local HR office, or choose to mail or email the completed form.

AAFES directs active employees to manage beneficiaries through e-Benefits which verifies respondent identity through secured credential methods, requiring no witness signature. In those exceptional situations or events to include deployment to a remote location, employees are required to manually complete Form 1700-012 and route through the AAFES internal mail to send the completed form, along with a witness signature to the

AAFES Headquarters Treasury Benefits for final processing.

### **Exchange Form 1450-011, “Annuity Application”**

Exchange Form 1450-011, “Annuity Application” is provided by an AAFES Human Resource associate to an AAFES Regular Full-Time employee who is paid in U.S. dollars and has been approved for retirement. This form provides AAFES the employee’s choice of how annuities will be paid during retirement and is the basis for determining such annuity amounts. AAFES Human Resources and Treasury Benefits departments are actively involved in providing guidance to the associate to assist in making their annuity choices. Once completed, the form is returned to Human Resource department who completes and transfers a retirement package to the AAFES Treasury Benefits department. The Treasury Department verifies all data and submits the final retirement package to the AAFES third-party administrator of the trust who sets up and makes payments to the retirees based upon the annuity choices presented on Form 1450-011.

### **3. Use of Information Technology**

AAFES encourages respondents to utilize technology to the fullest extent possible in order to reduce burden on the public. The collection of information and supporting documents relative to enrollment into the AAFES insurance and pay plans are done so through an online capture program called eBenefits. 95% of the data is collected electronically through eBenefits and transferred between the AAFES’ Personnel Management System and the vendor who provides the insurance coverage.

Utilization of the web-based system permits AAFES to be more responsive to employees’ health and welfare needs. Information provided is processed almost immediately to the appropriate provider or insurance carrier.

AAFES continues to explore options of automating all retirement forms. Due to the ongoing increased costs of the electronic implementation upgrade and coupled with a large population of AAFES retirees not opting to use the Internet, to include the mandated requirements for a handwritten signature on AAFES Form 1450-011, a small number of manual forms are still being completed.

### **4. Non-Duplication**

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

### **5. Burden on Small Business**

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

Information is voluntarily provided by an AAFES employee or an employee's survivor. Exchange health and insurance information choices are provided to the employee at the time of their eligibility. The collection is only generated when an employee requests to obtain or update their benefits.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Wednesday, September 10, 2025. The 60-Day FRN citation is 90 FRN 43586.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Monday, December 29, 2025. The 30-Day FRN citation is 90 FR 60689.

Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register was conducted for this submission.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

The information collected and maintained in this system is protected under the Privacy Act of 1974, as amended. Respondents are assured confidentiality through the Privacy Act Statement(s) available for reading on the applicable collection instruments.

The currently published AAFES SORN 0703.07, "AAFES Employee Pay System Records" can be accessed at <https://dpcl.d.defense.gov/Privacy/SORNsIndex/DOD-wide-SORN-Article-View/Article/570129/aafes-070307/>. A draft copy of the modified SORN has also been provided for OMB's review.

The Privacy Impact Assessment (PIA) for AAFES Tower Watson-eBenefits system is available for view at <https://www.aafes.com/Images/AboutExchange/FOIA-tower-watson.pdf>. A draft copy of an updated PIA has also been provided for OMB's review.

The Exchange maintains collection records for six years after the end of the fiscal year following the termination of involvement between an employee and the Exchange. Records are destroyed by physically shredding or deleting from the secured electronic drive.

#### 11. Sensitive Questions

Respondents are asked to provide their SSN, date of birth, sex, and marital status. In cases where a survivor benefit is elected, the SSN and date of birth are required for survivor and dependent children listed. Dependents' and beneficiaries' SSN are collected to positively identify the individual(s) at a future date and to provide insurance benefits to the appropriate individuals.

Collection of Social Security Number is authorized under DoDI 1000.30 "SSN Instruction Use Case" Enclosure 2 sections 2.c.(4), (5), (6), and (7). Justification for use of the SSN is provided.

#### 12. Respondent Burden, and its Labor Costs

##### Part A: ESTIMATION OF RESPONDENT BURDEN

##### 1) Collection Instruments

###### Web-Based Health/Benefit Enrollment – e-Benefits

- a) Number of Respondents: 9,960
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 9,960
- d) Response Time: 20 Minutes
- e) Respondent Burden Hours: 3,320 Hours

###### Form 1450-011 - Annuity Application

- a) Number of Respondents: 320
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 320
- d) Response Time: 20 Minutes
- e) Respondent Burden Hours: 107 Hours

###### Form 1700-012 – Beneficiary Designation

- a) Number of Respondents: 250
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 250
- d) Response Time: 20 Minutes

- e) Respondent Burden Hours: 83 Hours
- 2) Total Submission Burden
  - a) Total Number of Respondents: 10,530
  - b) Total Number of Annual Responses: 10,530
  - c) Total Respondent Burden Hours: 3,510 Hours

Part B: LABOR COST OF RESPONDENT BURDEN

- 1) Collection Instruments
  - Web-Based Health/Benefit Enrollment – e-Benefits
    - a) Number of Total Annual Responses: 9,960
    - b) Response Time: 20 Minutes
    - c) Respondent Hourly Wage: \$34.91
    - d) Labor Burden per Response: \$11.64
    - e) Total Labor Burden: \$115,901.20

Form 1450-011 - Annuity Application

- a) Number of Total Annual Responses: 320
- b) Response Time: 20 Minutes
- c) Respondent Hourly Wage: \$34.91
- d) Labor Burden per Response: \$11.64
- e) Total Labor Burden: \$3,723.73

Form 1700-012 - Beneficiary Designation

- a) Number of Total Annual Responses: 250
- b) Response Time: 20 Minutes
- c) Respondent Hourly Wage: \$34.91
- d) Labor Burden per Response: \$11.64
- e) Total Labor Burden: \$2,909.17

- 2) Overall Labor Burden
  - a) Total Number of Annual Responses: 10,530
  - b) Total Labor Burden: \$122,534

The respondent hourly wage was determined by using an average mid-point rate of pay for individuals paid at the NF Pay Band 3 and 4 levels as displayed in the Defense Civilian Personnel Advisory Service (DCPAS) March 14, 2022, 152 DFW Pay Band Schedule 036-57 listed at <https://wageandsalary.dcpas.osd.mil/Content/NAF%20Schedules/survey-sch/152/152-036-57-NF.pdf>.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

1) Collection Instruments

Web-Based Health/Benefit Enrollment – e-Benefits

- a) Number of Total Annual Responses: 9,960
- b) Processing Time per Response: .02/Hour (1 minute)
- c) Hourly Wage of Worker(s) Processing Responses: \$34.91
- d) Cost to Process Each Response: \$0.70
- e) Total Cost to Process Responses: \$6,954.07

Form 1450-011 Annuity Application

- a) Number of Total Annual Responses: 320
- b) Processing Time per Response: 2 Hours (120 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$34.91
- d) Cost to Process Each Response: \$69.82
- e) Total Cost to Process Responses: \$22,342.40

Form 1700-012 Beneficiary Designation

- a) Number of Total Annual Responses: 250
- b) Processing Time per Response: .17/Hour (10 minutes)
- c) Hourly Wage of Worker(s) Processing Responses: \$34.91
- d) Cost to Process Each Response: \$5.93
- e) Total Cost to Process Responses: \$1,483.68

2) Overall Labor Burden to the Federal Government

- a) Total Number of Annual Responses: 10,530
- b) Total Labor Burden: \$30,780.15

Part B: OPERATIONAL AND MAINTENANCE COSTS

1) Cost Categories

- a) Equipment: \$4,000
- b) Printing: \$5,000
- c) Postage: \$330
- d) Software Purchases: \$4,410,000 (Annual Tower Watson contract cost)
- e) Licensing Costs: \$0
- f) Other: \$57,730 (Annual testing of Web-Based e-Benefits system)

2) Total Operational and Maintenance Cost: \$4,477,060

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

1) Total Operational and Maintenance Costs: \$4,477,060

2) Total Labor Cost to the Federal Government: \$30,780.15

3) Total Cost to the Federal Government: \$4,507,840

15. Reasons for Change in Burden

There has been no change in burden since the last approval.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instruments.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.