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Docket: EBSA-2011-0006

Requests for Information Regarding Electronic Disclosure by Employee Benefit Plans

Comment On: EBSA-2011-0006-0001

Requests for Information Regarding Electronic Disclosure by Employee Benefit Plans

Document: EBSA-2011-0006-DRAFT-0021

Comment on FR Doc # 2011-08288

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General Comment

Sodexo, Inc. is a multi-national corporation with approximately 70,000 U.S. employees eligible for benefits under the terms of the Sodexo Benefit Plans.

A majority of our benefits-eligible employees (55,000) are frontline, hourly paid workers who spend their days in cafeterias and maintenance staffs in top hospitals, nursing homes, universities, K-12 schools and government locations across the country. This status precludes these employees from receiving any electronic benefit plan disclosures under the current ERISA regulations that mandate that employees must have computer access and a valid work email address in order to receive legally compliant electronic benefit plan disclosures.

For the 15,000 employees with computer access and valid work email addresses, Sodexo uses electronic distribution means for benefit plan disclosure which results in savings of tens of thousands dollars a year in print and mailing costs in addition to contributing to the goals of Sodexo's environmental awareness initiatives by saving paper.

It is interesting to note that current ERISA regulations require us to ensure receipt of electronic delivery of legal notices by tracking whether the email are opened by each recipient. Those that do not open the email must be mailed a paper copy of the notice. However, when the printed notices are distributed via regular mail there is no way to ensure receipt of the notices.

Using the 2011 plan year as a prime example of the costs that go into the compliant distribution of Sodexo Benefit Plan Summary Plan Descriptions and Summary of Material Modifications – Sodexo has six Summary Plan Descriptions (SPDs) and three Summary of Material Modifications (SMMs) that we need to distribute for various benefit plans. Later this year, we will need to print

and distribute three more Summary Plan Descriptions for smaller medical plans. Additionally, we often have specific benefit plan projects that come up throughout the year that require changes

Attachments

EBSA-2011-0006-DRAFT-0021.1: Comment on FR Doc # 2011-08288

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Arranging a print and distribution campaign for each disclosure requires many hours of Human Resources, Benefits and Communications team manpower, not to mention the hiring of vendors to conduct the actual printing and mailing process.

The estimated cost for distributing six SPDs and three SMMs together via a home mailing distribution to 55,000 employees will be about \$250,000 total. This does not even include any smaller SPD and/or SMM distributions that must also be done throughout the 2011 plan year. We also have an annual SAR distribution that costs the company approximately \$21,000 in distribution costs. These print distribution costs add up to a full quarter or more of Sodexo's 1.6 million dollar annual Benefits Communications Fund budget which our various operating units contribute to out of their own budgets.

This is money that could be better spent on benefits themselves, or wellness promotions or additional employee communications on using the Sodexo benefits plans wisely.

Additionally, all the time and money spent on distributing SPDs in 2011 does not mean that we will realize any cost savings on these documents in future years. For instance, if we issue a medical SPD in 2011, but there are significant changes to the plan or a new plan is introduced in 2012 – the same amount of time, effort and cost will go in to distributing the new medical SPD in 2012. Not to mention the overstock of printed documents that are essentially worthless with the creation of a new document.

With electronic documents and distribution, plan booklets can be easily updated in subsequent plan years with much lower cost and minimal impact on environmental waste.

Compare the high cost of the mailed distribution of benefit plan disclosures to the \$900 per email it costs for Sodexo to send our 15,000 eligible employees electronic plan disclosures. Just on these 15,000 employees we usually realize a cost saving of \$10,000 or more by sending the disclosures electronically instead of via U.S. mail.

If we could realize this cost savings across all 70,000 benefits eligible employees, we could re-allocate our Benefits Communications Fund spending and employee resources towards necessary Wellness and other benefits related employee communications.

Regardless of whether or not an employee has a personal computer at work or a work-related email address, a majority of U.S. workers have and do access a computer daily and would be able to access SPDs, SMMs and other benefit plan disclosures at a secure website.

One solution to the expense and environmental waste of printing and mailing SPDs, SMMs and SARS is to allow companies to mail to employees homes a postcard about new or updated documents with directions for website access and with a phone number to order a paper copy. This change alone would save the company tens of thousands of dollars over the cost of mailing the actual booklets, some of which are over 80 pages.

Additionally, Sodexo’s sustainability department did a study* of the environmental impact of our 2011 print/mail distribution of six SPDs and three SMMs to 65,000 employees vs. sending a postcard to all Sodexo employees to update them that these same booklets have been updated and are available to view at a secure website. The results are shown below and demonstrate a tremendous environmental savings by using the postcard distribution method.

| | Reams of Paper | Total Weight | Global Warming Potential (kg CO2) | Water Footprint (Gallons of Water) | Air Emissions (Kg Particulate Mater (2.5)) | Energy Use (Mega Joules) |
|-----------------|----------------|--------------|-----------------------------------|------------------------------------|--|--------------------------|
| Booklet | 6,070 | 145,685 | 27,316 | 256,621 | 41 | 18,332 |
| Postcard | 36 | 3,593 | 674 | 6,330 | 1 | 452 |

Comparisons:

1. Global Warming

| Global Warming | Metric Tons CO2e | Car Equivalents |
|-----------------------|-----------------------------|------------------------|
| Booklet | 27.32 | 4.98 |
| Postcard | 0.67 | 0.12 |
| Difference: | 26.64 | 4.86 |

By replacing the Booklets with an informational Postcard, Sodexo could avoid climate changing Green House Gas emissions equal to almost 5 carsⁱ driving for an entire year.

2. Water Footprint

| Water Footprint | Gallons of Water | Olympic Pool Equivalents | Fish Bowls | Cups of water |
|----------------------------|-------------------------|-------------------------------------|-------------------|----------------------|
| Booklet | 256,621.28 | 0.39 | 171,081 | 4,105,940 |
| Postcard | 6,329.74 | 0.01 | 4,220 | 101,276 |
| Difference: | 250,291.53 | 0.38 | 166,861 | 4,004,665 |

By replacing the Booklets with an informational Postcard, Sodexo could save over 250,000 gallons of water, equivalent to about 4 million glassesⁱⁱ of water, over 160,000 Goldfish bowlsⁱⁱⁱ, and about a third of a full sized Olympic pool^{iv}.

3. Energy

| Energy | Energy Use (Mega Joules) | kW | Hours of light from a 60 watt light bulb |
|---------------|-------------------------------------|-----------|---|
| Booklet | 18,332 | 5,092 | 84,871 |
| Postcard | 452 | 126 | 2,093 |
| Difference: | 17,880 | 4,967 | 82,777 |

By replacing the Booklets with an informational Postcard, Sodexo would avoid using about 5,000 kilo-watts of energy. That's equal to leaving a light bulb turned on 24-hours a day for nearly 9 years!

4. Trees

| Trees | Metric Tons | Trees |
|------------|-------------|-------|
| Booklet | 66 | 1586 |
| Postcard | 2 | 39 |
| Difference | 64 | 1547 |

By replacing the Booklets with an informational Postcard, Sodexo could save roughly 1,500 trees^v!

ⁱ Greenhouse Gas Emissions From a typical Passenger Vehicle. EPA. February 2005.
<http://www.epa.gov/oms/climate/420f05004.pdf>

ⁱⁱ 16 cups in a gallon

ⁱⁱⁱ It's recommended that 1 goldfish bowl have around 1.5 gallons of water

^{iv} An Olympic Pool holds about 660,430 gallons of water

^v Conservatree.org 1 ton of non-recycled paper requires roughly 24 trees

**This rough assessment compares impact (on Climate, Water, Air, & Energy) disparities between the production and distribution of informative Sodexo Booklets versus a Postcard alternative.*

Most data referring to the production and disposal of the paper was drawn from a report by the American Forest & Paper Association entitled, "Printing and Writing Papers, Life-Cycle Assessment Summary Report." The study incorporated data from 72 mills in the U.S. and Canada (77% of North American Production) and measures cradle to grave emissions. This report does not incorporate emissions associated with the delivery of the documents, nor does it account for the additional energy associated emissions attributable to increased computer use. When interpreting this information, it's important to note that a more balanced comparison would have measured the impact of the information exchange where impacts associated with computer use were attached to the postcard's footprint.

*The study looks specifically at 24lb 8.5 x 11 inch reams of paper, where each ream contains 500 sheets of paper. These numbers were easily adaptable to the Booklet production as the dimensions and weight is equal. To apply the study's findings to the Postcard alternative, which utilizes a smaller but heavier paper (100lb 4 x 6 inch stock), a by weight comparison was made. In this way, we extrapolated an **impact per pound** of paper and applied that amount to the weight of the Postcards. The results have been presented in a simplified way to make the impacts more easily understood. That said, the comparisons are rough, at best.*

On a further note, these numbers should not be employed as a marketing message as they serve a superficial purpose but lack important scientific depth. This information is issued as is with all faults.