

# LIVE VIRTUAL COMMITTEE MEETING



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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

## AGENDA

### A SPECIAL MEETING OF THE JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT AND BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., FRIDAY, MAY 28, 2021

This meeting will be conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

Any person may view the meeting online at  
[https://members.lacera.com/lmpublic/live\\_stream.xhtml](https://members.lacera.com/lmpublic/live_stream.xhtml).

*The Committee may take action on any item on the agenda,  
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Joint Organizational Governance Committee of April 22, 2021
- III. PUBLIC COMMENT

(\*Written Public Comment - You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Committee. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

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IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Kimberly D. Hines, Division Manager, Administrative Services and JJ Popowich, Assistant Executive Officer: That the Committee review and discuss the FY 2021-2022 Preliminary Budgets. (Memo dated May 21, 2021)

V. ITEMS FOR STAFF REVIEW

VI. GOOD OF THE ORDER

VII. ADJOURNMENT

*\*The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.*

*Documents subject to public disclosure that relate to an agenda item for an open session of the Committee that are distributed to members of the Committee less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Committee members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday.*

*\*\*Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email [PublicComment@lacera.com](mailto:PublicComment@lacera.com), but no later than 48 hours prior to the time the meeting is to commence.*

MINUTES OF THE SPECIAL MEETING OF THE JOINT ORGANIZATIONAL  
GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT  
AND BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., THURSDAY, APRIL 22, 2021

This meeting was conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: Shawn R. Kehoe, Chair

Elizabeth Greenwood, Vice Chair

Alan Bernstein

Vivian H. Gray

Joseph Kelly

Keith Knox

Les Robbins

Herman B. Santos

MEMBERS AT LARGE:

Patrick Jones, BOI

Gina Sanchez, BOI

Ronald Okum, BOR

William Pryor, BOR (Joined at 9:15 a.m.)



STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

JJ Popowich, Assistant Chief Executive Officer

Johanna Fontenot, Interim Chief Counsel

Kathy Delino, Interim Systems Division Manager

Bob Schlotfelt, Interim Chief Information Security Officer

Kimberly Hines, Manager, Administrative Services Division

Carlos Barrios, Interim Benefits Division Manager

Kaelyn Ung, Administrative Services Analyst

I. CALL TO ORDER

The meeting was called to order virtually by Mr. Kehoe at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Joint Organizational Governance Committee of February 24, 2021

Ms. Gray made a motion, Mr. Bernstein seconded, to approve the meeting minutes of February 24, 2021. The motion passed (roll call) with Messrs. Robbins, Knox, Kelly, Bernstein, Kehoe, Santos, Ms. Gray and Ms. Greenwood voting yes.

III. PUBLIC COMMENT

There were no requests from the public to speak.

#### IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager and Bob Schlotfelt, Interim Chief Information Security Officer: That the Committee approve the Action Plan and recommend the Management of Audio and Visual Recordings Policy for approval by the Board of Retirement and Board of Investments.  
(Memo dated April 13, 2021)

This item was pulled from the agenda by staff for further development.

#### V. REPORTS

- A. FY 2021-2022 Preliminary Budgets  
Kimberly D. Hines, Manager, Administrative Services Division  
JJ Popowich, Assistant Executive Officer  
(Memo dated April 15, 2021)

Messrs. Kreimann, Popowich and Ms. Hines provided a presentation and answered questions from the Board.

#### VI. ITEMS FOR STAFF REVIEW

The Committee requested estimated actuals for expenditures incurred in FY 2020-21 to date be presented at the next committee meeting and suggested a further review of the requested new positions be completed in light of the 79 vacancies and high number of temporary positions deployed to meet our mission to provide the promised benefits to our members.

In addition, the Committee requested a copy of LACERA's Strategic Plan and suggested additional changes to the budget. Furthermore, the Committee requested that efforts be made to update LACERA's Strategic Plan. Lastly, the Committee requested information on how LACERA compares to other systems determined by CEM.

April 22, 2021

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VII. GOOD OF THE ORDER

The Committee thanked staff for their work on the budget.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 11:12 a.m.



May 21, 2021

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: Kimberly D. Hines, CPA *KDH*  
Manager, Administrative Services Division

JJ Popowich *JJ*  
Assistant Executive Officer

FOR: May 28, 2021 Joint Organizational and Governance Committee Meeting

SUBJECT: **FY 2021-2022 PROPOSED ADMINISTRATIVE, RETIREE  
HEALTHCARE, AND OTHER POST-EMPLOYMENT BENEFITS:  
BUDGET CHANGES AND SUPPLEMENTARY DOCUMENTS**

### **RECOMMENDATION**

The Joint Organizational Governance Committee (JOGC) members review and consider the FY 2021-22 Proposed Administrative, Retiree Healthcare (RHC), and Other Post-Employment Benefits (OPEB) Trust Budgets and supplemental data; and provide additional modifications to the proposed budget for advancement to the Board of Retirement and Board of Investments as part of the budget hearing process and ultimately for final approval of the FY 2021-22 spending plan.

### **DISCUSSION**

On April 22<sup>nd</sup>, the Budget Team transmitted the FY 2021-22 Preliminary Budgets to the JOGC for its consideration. The discussion was robust and resulted in a request for additional information to supplement the justification for the budgetary increases. The trustees had several questions and concerns:

- The need for a better understanding of how the budget request aligns with LACERA's strategic initiatives and objectives.
- A request for information regarding how LACERA stacks up against other pension systems, and requested we provide data and results related to benchmarking studies that LACERA has participated in, and
- An explanation and plan to address the high number of current staff vacancies.
- Continued concerns about the large under expenditures noted in prior fiscal year end budget to actual reports and requested more information on the historical spending plan.

The Trustees also indicated they wanted to see the traditional data provided during budget reviews which included historical budget information, year to date expenditure totals, as well as end of year projected spending.

### Budget Package

- Deleted one (1) Sr. Human Resources Assistant position from the Human Resources Division. The position had been requested in anticipation of assuming a greater role in payroll processing for LACERA staff. Alternative solutions have been identified which has allowed us to reduce expected resources to process payroll.
- Deleted two (2) Information Technology Specialist I positions that are no longer required by Systems.
- Deferred decisions on three (3) positions in Systems until the mid-year budget adjustment phase. These positions (1 – Chief Information Technology Officer, and 2 – Information Technology Manager II) have not been processed and added to the ordinances by the LA County Board of Supervisors.
- Deferred decisions on funding three (3) positions in the Legal Office and one (1) position in Systems Division. These positions (2 – Principal Staff Counsel, 1 – Director of Compliance, and 1 – Information Technology Manager II) which have not been processed and added to the ordinances by the LA County Board of Supervisors
- Five (5) staff members assigned to the IT Security Team in Systems have been moved from Systems Division to the Executive Office. The move is to ensure the independence of the IT Security Team so they can objectively develop and evaluate existing security policies, procedures, and compliance. This is a temporary move as the Executive Office intends to transition the IT Security Team to their own division when we process the mid-year adjustments.
- The S&S portion of the Administrative Budget includes funds to support the proposed increases to the Disability Retirement Services medical consultants. We have also included funds for the Case Management System, an Administrative Case Management System, a consultant to help us revise our budget procedures and implement a new budget software package, as well as funds for a Travel Management System.

### CONCLUSION

The FY 2021-2022 Proposed LACERA Administrative budget request is \$114,807,486 representing a 14.5% increase from the previous year amount of \$100,290,517.

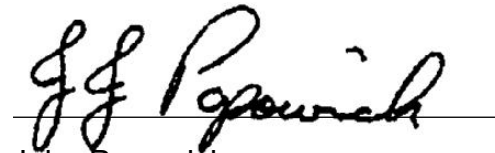
The FY 2021-2022 Proposed Retiree Health Care Benefits Program budget request is \$11,391,128 representing a 24.4% increase from the previous year amount of \$9,153,667.

The FY 2021-2022 Proposed Other Post-Employment Benefits Trust budget request is \$683,150 representing a 17.3% increase from the previous year amount of \$582,196.

The proposed recommendations were well considered and are made in areas that further support LACERA's operations and streamline our workflow. While the challenges of the last year have been difficult, LACERA emerges stronger than ever and prepared to grow and improve in the face of a new and different world. The resources described in this budget proposal are needed to best navigate these new challenges.

We look forward to discussing our budget recommendations with the JOGC in more detail at our meeting scheduled for May 28, 2021.

REVIEWED AND APPROVED:

A handwritten signature in black ink, appearing to read "J. Popowich", is written over a horizontal line.


John Popowich  
Assistant Executive Officer

Attachments

**FOR INFORMATION ONLY**

May 19, 2021

TO: Joint Organizational Governance Committee  
Shawn R. Kehoe, Chair  
Elizabeth Greenwood, Vice Chair  
Alan Bernstein  
Vivian H. Gray  
Herman B. Santos  
Keith Knox  
Joseph Kelly

FROM: JJ Popowich, Assistant Executive Officer 

FOR: May 28, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: **2021-2022 Budget Proposal: Connecting the Dots to the Strategic Plan and the CEO's 100-Day Report to the Boards of Retirement and Investments**

During the April JOGC meeting a discussion occurred regarding LACERA's Legacy Strategic Plan (FY 2018-2020) and the CEO's 100-Day Report to the Boards of Retirement and the Board of Investment and its connection to the 2021-2022 Budget Proposal. The Executive Office recognizes and supports the need for a Strategic Plan and the important link and guidance a Strategic Plan has on the development of the annual budget. An annual budget is the spending plan that supports continual operations and fulfillment of the approved Strategic Plan.

In May of 2020, the CEO delivered to the Boards a 100-Day Plan and Roadmap to provide insight into how he, and by extension his management team, felt the organization needs to move forward. The roadmap was the culmination of observations and discussions with management and staff throughout LACERA. Within that report, Mr. Kreimann recognized and commits to completing a Strategic Plan. Unfortunately, due to the COVID-19 Pandemic we were not able to make the progress we had hoped on developing a Strategic Planning process.

LACERA's 2020-2021 Budget was heavily influenced by the beginning of the COVID-19



pandemic. That budget included the intention to carry forward the Strategic Plan approved by the Boards in 2017 and was reaffirmed with the passage of subsequent budgets as the plan was implemented over the 2018-2019, 2019-2020, and 2020-2021 fiscal years.

This memo will demonstrate the connections between Legacy Strategic Plan, the 100-Day Report, and the proposed budget request for FY 2021-2022. We will also outline a preliminary proposed timeline for a Strategic Planning process. We refer to this as a preliminary plan because we do intend to engage with a strategic planning consultant to complete the process and set the stage for an annual planning process.

## **THE CONNECTIONS**

The FY 2021-2022 proposed budget continues to deal with the impacts of the pandemic and efforts to mitigate those impacts and prepare for future events that could have a negative impact to LACERA's operations. At the same time, the proposal reflects the necessary resource requests to continue to carry out the Board approved Legacy Strategic Plan, critical parts of the 100-Day Report map, the mitigation efforts for the pandemic, or basic operational needs to meet our mission and service goals.

This proposal follows the most recent Retirement Benefits Strategic Plan that was presented to the Board of Retirement in 2017 (and implemented from 2018 to 2020). Priorities and tasks outlined in these plans included the following:

- Training and development for Board trustees and internal leadership and supervisors to create a best-in-class organization.
- The advancement of LACERA's fund and the guarantee of the promised benefits through fund sustainability and operational effectiveness
- Preserving retiree healthcare using innovative and proactive steps to minimize costs and improve service.
- Reduce complexity across the organization.
- Cultivate risk awareness and promote informational security.
- Create a performative and diverse team.

The updated Legacy Strategic Plan document is included with the budget package. The Plan has been updated to reflect the status of the Plan's goals, minor cleanup to the description of the goals where necessary, and some reassignments of the staff responsible for the goals. As we hope you can see, we have made progress on

Joint Organizational Governance Committee Meeting

Re: 2021-2022 Budget Proposal

May 19, 2021

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completing those goals.

The Roadmap created a working outline of a plan designed to coincide and work with the Legacy Strategic Plans and includes milestones and necessary steps to take. These action steps and items were reviewed with LACERA management and supervisory teams and included the following:

- Organizational Alignment
- Planning
- Information Technology Modernization
- Work Culture and Change Management
- Enhanced Processes and Operations

We have included a copy of the Roadmap (Attachment A) with the memo for your reference.

As discussed, the budget is designed to provide the necessary resources and support to carry out a strategic plan. A budget must also ensure that the necessary resources are available to carry out the day-to-day operational needs of the organization. Those needs should feed into and be recognized by a strategic plan. The Roadmap from the 100-Day Report is really a bridge between the existing Legacy Strategic Plan, operational needs and critical event driven needs revealed by the COVID-19 Pandemic. In a perfect world, the Roadmap would have been a significant part of the strategic planning process.

After reviewing the two budget drivers, the management team identified five organizational initiatives that are reflected in the Legacy Strategic Plan and the CEO's 100-Day Report Roadmap. To help demonstrate the connections, or synergies, between the three budget drivers, we prepared the following comparison chart.

<b>Organizational Priority Initiatives</b>	<b>100-Day Management Report</b>	<b>Legacy Strategic Plan</b>
<b><i>Fiscal Year 2021-2022 Budget Request</i></b>	<b><i>Published May 2020</i></b>	<b><i>For Fiscal Years 2018-2020</i></b>

<p><b>1. Human Resources</b></p>	<p>A. Organization Alignment</p> <p>B. Planning</p> <p>D. Work Culture and Change Management</p>	<p>I. Governance</p> <p>III. Preserving Retiree Healthcare</p> <p>IV. Reduce Complexity of our Organization.</p> <p>VI. High Performance and Diversified Team</p>
<p><b>2. Technology</b></p>	<p>C. Information Technology Modernization</p> <p>E. Enhanced Processes and Operations</p>	<p>III. Preserving Retiree Healthcare</p> <p>V. Cultivate a Risk Intelligent Organization</p> <p>IV. Reduce Complexity of our Organization.</p>
<p><b>3. Business Continuity Planning / Disaster Recovery Plan</b></p>	<p>B. Planning</p> <p>C. Information Technology Modernization</p> <p>E. Enhanced Processes and Operations</p>	<p>II. Fund Sustainability</p> <p>IV. Reduce Complexity of our Organization.</p>
<p><b>4. Operational Improvements</b></p>	<p>A. Organizational Alignment</p> <p>B. Planning</p>	<p>I. Governance</p> <p>II. Fund Sustainability</p> <p>III. Preserving Retiree Healthcare</p>

	C. Information Technology Modernization  E. Enhanced Processes and Operations	IV. Reduce Complexity of our Organization.  V. Cultivate a Risk Intelligent Organization
<b>5. Administrative Infrastructure</b>	A. Organizational Alignment  C. Information Technology Modernization  D. Work Culture and Change Management  E. Enhanced Processes and Operations	I. Governance  II. Fund Sustainability  VI. High Performance and Diversified Team

The Executive Summary included with the FY 2021-2022 Proposed Budget outlines the budget development process, so we will not review them here. However, it is these connections and the specifics of the Legacy Strategic Plan and the 100-Day Report Roadmap, along with the identification of critical business needs were the guidepost for the management team as they developed FY 2021-2022 budget.

**FISCAL YEAR 2021-2022 ADMINISTRATIVE BUDGET REQUEST**

The FY 2021-2022 Administrative Budget request was developed based upon themes contained in both the Legacy Strategic Plan as well as the 100-Day Report. In meeting with Division managers and executive staff, some priority initiatives became apparent as necessary to address immediately, which are included in this current budget request. These five organizational priority initiatives derived from the Legacy Strategic Plan and the 100-Day Report Roadmap are areas of focus that will best further LACERA’s mission.

**1. Human Resources**

- *Recruit and hire staff to fill vacancies.*

- *Add positions critical to address operational deficiencies.*

LACERA staff are our most important resource. This budget request was developed with an intense focus on recruiting and hiring staff. There are several existing vacancies throughout the organization that need to be filled with experienced and creative thinkers to keep LACERA fresh, innovative, and always moving forward. A full staffing contingent provides the opportunity to continue the succession planning that has been discussed with the management team. The addition of new staff will require training and a development plan. With an aggressive hiring plan, we believe this initiative can be accomplished. Dr. Ntoya, Director of Human Resources has outlined a plan in a separate memo titled, "Recruiting and Hiring Plan" included as part of the JOGC Proposed Budget package.

As part of the budget development process, the LACERA management team assesses current operations to identify human resource needs. The FY 21-22 request includes adding 15 new positions to the organization. The budget package provides detailed reasoning behind these requests. Although these positions are new, the management team believes these additional staff are required to handle ongoing and legacy workloads that have been postponed for some time. For example, to carry out the IT modernization goals outlined in both plans, Systems has identified the need for additional staff. These new staff members will be the foundation that will allow LACERA to modernize as well as prepare for future projects in support of the Board of Investments strategic initiative to move from allocator to investor.

Likewise, to ensure we can continue to meet service expectations of our members additional staff are needed in Benefits, Member Services, Administrative Services, and Retiree Healthcare. In support of the need to develop succession planning the Legal Office is asking for staff to prepare for expected retirements in the next five years. The decision to request funding for the Legal Office positions has been deferred to the mid-year budget adjustment phase to allow time to secure the necessary ordinance positions from the County.

The management team does recognize that LACERA has historically focused more on human resources than technological resources which has created a reliance on hiring more staff and adding more positions to the organization to address incoming work. The ongoing emphasis in IT Modernization reflected in both the legacy plan and the 100-Day Report Roadmap will, in time, reduce the need to continually expand our human capital investment. However, from a pragmatic point of view, the management

team believes that since LACERA technology has not matured at the same pace as business needs, therefore, adding additional positions is the best solution at this point. LACERA is in the process of refocusing on technology, however, the lifecycle requires significant time and funding long before there are noticeable results. We are confident this investment today will be offset by future attrition as we make this transition.

## **2. Technology**

- *Modernization and Implementation*
- *Planning, People, Security*

The LACERA executive and management teams have spent considerable time and effort discussing, planning, and engaging in new technology. Here are some of the highlights of the progress that has been made and the efforts that will continue during the next fiscal year:

- **Big Picture:** Staff are working diligently to develop Information Technology (IT) plans at the macro and micro levels. An internal IT Council was established with a defined charter and duties. A comprehensive IT strategic plan is in development which will require alignment with organization priorities and existing IT functions.
- **Planning/Policy:** Planning typically results in policy setting. LACERA staff have been establishing IT policies and IT priorities until a formal LACERA Strategic Plan and IT Strategic Plan are developed. Staff will develop and implement policies that are needed including: a telework and cloud migration plan; a rapid IT migration plan; a software deployment plan; an IT security plan, IT BCP, and IT recovery plan. The development of an IT Council ensures that future efforts and budget requests have been fully examined prior to bringing them forth for approval by the Trustees—providing peace of mind when we are making data driven and secure decisions.
- **People:** LACERA hired its first Chief Information Security Officer (CISO) and has several critical positions within the Systems Division to staff including the Chief Information Technology Officer (CITO). A Project Management Office (PMO) was established with Systems to manage, consult, and direct new and existing IT projects from a centralized perspective. There are some IT positions that have been recommended but not yet included in the ordinance by the Los Angeles County Board of Supervisors. The addition of a PMO, a recommendation from the 100-Day Report Roadmap, is in direct support of the

Legacy Strategic Plan in that it ensures the goals approved by the Trustees are carried out in a reasonable time frame and do not linger from year to year.

- **Controls and Security:** These issues have always been important at LACERA. The COVID-19 Pandemic forced LACERA to reexamine and reignite our passion for keeping our member data secure with the realization that we could no longer rely solely on a physical footprint if we were to have a sustainable business continuity and disaster recovery plan. The 100-Day Report Roadmap fleshed out and provided additional support for the legacy business continuity plan and disaster recovery plan goals. Staff quickly pivoted to address, identify, and close system and data vulnerabilities to ensure a secure but rapid transition to a remote work environment. The addition of a Chief Information Security Officer, and the build out of that team are critical components to the future of our security, deployment of our remote work program, and cloud migration. The realignment of this security team to the Executive Office, and eventually in a planned mid-year adjustment to its own division, will ensure independence and objectivity in future security reviews, protocol development and oversight. All of these are consistent with dealing with the impacts of COVID-19 and IT Modernization goals outlined in both plans.

This budget request supports a significant IT process modernization at LACERA and will continue the work which has already begun. The process of building for the future begins with planning, structure, and staffing. IT security and implementation are included as fundamental concepts which are all supported by investment in the IT infrastructure. Although this budget request includes new investments in IT resources during the next fiscal year, there may be even more considerable and dramatic investments required in the future. This will relieve LACERA's dependency on future significant investments in human resources with an eye towards improving our members experience and delivering quality services in a manner convenient to LACERA members. Those needs will be fully discussed and developed as part of the future strategic planning process.

### **3. Business Continuity Planning / Disaster Recovery Plan**

- *Planning*
- *Testing*

At the end of fiscal year 2020 and during this fiscal year 2021, LACERA has made tremendous efforts in planning for business continuity in the event of a disaster, a



cyber security breach and of course, in executing those plans during this current pandemic. LACERA's Business Continuity Plan is now well defined and documented with details as required by the Legacy Strategic Plan. The development of the plan was only the first step. Going forward, the budget proposal supports the intent behind the Legacy Strategic Plan and the recommendations within the 100-Day Report Roadmap with ongoing funds to continue BCP tests. Additionally, the Roadmap, as part of the response to the COVID-19 pandemic, identified the critical need to develop a robust Disaster Recovery Plan (DRP). This budget request provides for the additional IT staffing and resources to further develop and test the DRP.

#### **4. Operational Improvements**

- *Work backlogs*
- *Member self-service initiatives*

LACERA is a learning organization and continuously strives to improve its operations. These efforts typically result in better customer service and improved staff morale. During the pandemic, staff focused on member's immediate needs including disbursing the monthly benefits payments and processing both service and disability retirements. Legacy work backlog projects exist, and resources have not been available to address these pending projects. In the meantime, the regular workload for staff has increased, causing constraints on staff availability to complete this legacy work. In conjunction with the discussion above, this budget request includes filling vacancies and adding new positions to reduce backlogs, process stale work objects, and increase the ability of staff to focus on forward looking projects. The Benefits Budget Highlights provide more details on the necessity of these staff to meet our commitments.

The pandemic required many LACERA members to become more familiar with and rely on modern technology. LACERA's IT plans and this budget request includes additional resources that will help LACERA provide additional internal automation and self-service options for members. When transactions are automated, more work can be processed accurately, reducing backlogs, and delivering requests to members on time. Allowing members to initiate and complete them autonomously, this process will reduce the workload for staff. The reduction will provide more opportunity for staff to focus on operations, backlogs, quality, and other areas. Therefore, there is synergy between the budget requests, the existing Legacy Strategic Plan goals and recommendations in the 100-Day Report plan regarding the Case Management System, online retirement applications, online disability applications, and other goals.

## 5. Administrative Infrastructure

- *Administrative support modernization*
- *Administrative resources and tools*

LACERA continues to grow in size and complexity. Member service and investment management are critical to LACERA's mission; however, a robust operational infrastructure is a foundational requirement to operate an organization with over 400 staff members. In developing this budget request, the management, executive, and IT teams imagined tools that have been needed for some time which will contribute to an overall plan for modernizing LACERA's administrative support.

Observations, reviews, and recommendations from external consultants and senior executives have determined that additional IT tools are necessary for LACERA to better align itself with modern day organizations. LACERA's budget process, for example, is largely based on spreadsheets and was recently changed to include two budget cycles, both an annual budget as well as a mid-year budget adjustment process. Redesigning the LACERA budget preparation process and acquiring a robust IT tool is a significant upgrade to the current labor-intensive process. This goal is represented in the Legacy Strategic Plan and the 100-Day Report recommendations.

LACERA's legal agreement or contract population has increased over time causing staff to focus efforts on managing these important documents and relationships with external parties. A centralized Unit has been established within Administrative Services using some technology and some manual processes, however sophisticated software tools exist which would allow staff to better manage these legal agreements. This budget request includes an allocation for a contract management tool to which staff have already begun performing initial research and due diligence. This tool will allow staff to better manage contract compliance tasks such as obtaining insurance certificates, performing contract renewals, managing documents and attachments, and monitoring invoice payments. The Roadmap goals in this area support the Compliance related goals in the Legacy Strategic Plan and recognize that we need to evolve our current Contract Management system which is not robust enough to meet the past goals and expectations set by the Boards.

Although staff and Trustee travel has been minimal to non-existent during the pandemic, eventually travel for LACERA business will resume. A recent consulting report identified and recommended that LACERA research and acquire technological tools to assist LACERA staff in booking, managing, expensing, and reporting travel

for staff and Trustees. These tools are multifaceted and can help staff manage the process from the beginning stages of requesting a trip through preparing travel reports that can be included in Board agendas. In addition, documentation can be maintained centrally that will assist in conducting internal and external audits. This budget request includes the acquisition and implementation of a travel and expense tool that will greatly reduce the manual labor required within the current process.

Technology is constantly changing, and staff make significant efforts to identify and acquire the right tool for the right application at the present time. However, new tools continuously emerge and although additional organization-wide tools have been preliminarily identified, staff will perform further assessments to include in IT strategic plans and future budget requests.

## **A COMMITMENT TO STRATEGIC PLANNING**

The purpose of this memo has been to support the connections between the budget drivers (the operational needs, Legacy Strategic Plan, and the 100-Day Report Roadmap) for the purposes of the FY 2021-2022 budget. We believe this budget is consistent with these drivers.

At the same time, as discussed above, we recognize the need to go through a formal strategic planning process. After considerable discussion within the Executive Office, we have determined the best course of action is to select a strategic planning consultant to help us develop and implement a sustainable strategic planning process. LACERA has gone through its own, homegrown process over the years. While it served its purpose, the result was not consistent with modern strategic planning programs. Bringing in a consultant will help educate our management team on strategic planning best practices, manage the change process we will need to go through to adopt those practices, and customize a program that works to deliver a process that instills confidence in Trustees, staff, and stakeholders.

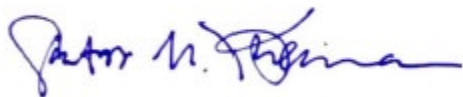
We have developed a tentative timeline which outlines what we believe this process may look like. The end result will certainly differ from this timeline as we go through this learning process, but this is the starting point for our future discussions. The timeline is included in the Strategic Planning & Budget Framework memo as Attachment B to this memo.

## CONCLUSION

Our proposed budget was created with the Legacy Strategic Plan and 100-Day Report in mind. Due to the challenges of the last year, and because we understand the importance of creating a budget around strategy, all the proposed positions in this budget reflect needs and projects presented in either or both the 100-Day Report or Legacy Strategic Plan. We are confident that this budget request not just fulfills these obligations but also demonstrates that all new positions are well-documented and necessary as new workloads, technological improvements, and infrastructure developments are implemented.

These efficiencies will be further improved upon the hiring of those C Suite executives as outlined in the 100-Day Report who will oversee the development of staff and the implementation of technology—creating streamlined workflows, technological productiveness, and a solid framework for succession planning.

### REVIEWED AND APPROVED:



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Santos H. Kreimann  
Chief Executive Officer

JJ/tg/vl/rc/tc

- C: Jon Gabel, Chief Investments Officer
- Steven P. Rice, Chief Counsel
- Richard Bendall, Chief Internal Auditor
- Kimberly D. Hines, Division Manager Administrative Services
- Cassandra Smith, Director, Retiree Healthcare
- Allan Cochran, Division Manager, Member Services
- Carlos Barrios, Interim Division Manager, Benefits
- Bernie Buenaflor, Chief, Quality Assurance
- Ricki Contreras, Division Manager, Disability Retirement Services
- Ted Granger, Interim Chief Financial Officer
- Cynthia Martinez, Chief, Communications

# ATTACHMENT A

## Los Angeles County Employees Retirement Association (LACERA) Roadmap for Implementing Action Steps in the 100-Day Management Report

Updated: 4/27/2021

Edits from Divison Managers and Ted updates

Focus	Action Steps	Accountability		Timeline													4/27/2021	Percent Completed	
				FY2020-21			FY2021-22				FY2022-23				FY2023-24				
				Lead	Support	Jul	Aug	Sep	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			Q2
<b>CHAPTER II - UPDATE ON ACTIONS TAKEN</b>																			
<b>Strategic Planning &amp; Action Plans</b>																			
SP	II.1	Report review with Trustees	CEO	Trustees														75%	
SP	II.2	Refined "Next Action Steps"	CEO	Execs														75%	
SP	II.3	Strategic planning effort	CEO	Trustees, Execs															
SP	II.4	Strategic Plan actions defined	CEO	Execs															
<b>COVID-19 Transition Plan</b>																			
C19	II.5	After action reviews	CEO	Execs	M	M	M	M	M	M	TBD based on pandemic							20%	
C19	II.6	COVID-19 Transition Plan	CEO, AEO/Ops	IT, Admin, HR	Starting with Member Services														25%
C19	II.7	Plans to address the work backlog:	AEO/Ops	Mem Group															
C19	II.7a	-- Retiree Disability (moving to paperless)	AEO/Ops	Mgr/Disab	Slight delays in third-parties providing documentation													90%	
C19	II.7b	-- Member Services (heavily "real time")	AEO/Ops	Mgr/Mem														75%	
C19	II.7c	-- Benefit Services (rules, resources, tech)	AEO/Ops	Mgr/Benefits, IT	Heavy backlog pre-/post-COVID-19														
C19	II.7c1	. "Quick fix" Benefits backlog plan	Mgr/Benefits	Legal, IT															
C19	II.7c2	. Longer term Benefits backlog plan (self-service)	Mgr/Benefits	IT, PMG															
<b>Business Continuity Planning (BCP)</b>																			
SP	II.8	Unified BCP	AEO/Ops	Admin., HR														60%	
IT	II.9	BCP/DRP initiatives implementation for IT	IT Exec		See Chapter V														
<b>Management of Staff Working Remotely</b>																			
Culture	II.10	Remote staff management	Execs	HR Dir														10%	
<b>CHAPTER III - NEW ORGANIZATIONAL ALIGNMENT</b>																			
Org	III.1	Structural review with both Boards	CEO	Trustees														100%	
Org	III.2	Staff announcement of new structure	CEO	Execs		MAC												20%	
Org	III.3	Routine executive meetings	CEO	Execs														100%	
Org	III.4	Member-facing functional alignment	AEO/Ops	Mem Ops														50%	
Org	III.5	New COO position	CEO	HR Dir														90%	
Org	III.6	CFO position redefined & filled	CEO	HR Dir															
Org	III.7	CI&TO position defined; recruitment begun	CEO	HR Dir														20%	
Org	III.8	Compliance Officer position filled	Chief Counsel	HR Dir														20%	
Org	III.9	PIO position filled	CEO	HR Dir														40%	
Org	III.10	Organizational refinements if any	CEO	Execs															
Org	III.11	Job titles/org hierarchy consistency	HR Dir																

Focus	Action Steps	Accountability		FY2020-21				FY2021-22				FY2022-23				FY2023-24	Percent Completed
		Lead	Support	Jul	Aug	Sep	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<b>CHAPTER IV - PLANNING</b>																	
SP	IV.1	Best practices identified for Strategic Plan	Execs	Mgrs													
SP	IV.2	Shared vision & strategic planning	CEO	Trustees													0%
SP	IV.3	Unified BCP	Admin Services	IT													60%
SP	IV.4	IT plans (strategy, security BCP, DRP)	IT	ITMC													
SP	IV.5	HR Plans	HR Dir	Execs													15%
SP	IV.6	Improved budgeting process	CFO, Admin														15%
SP	IV.7	Communications Plan	Comm	Mem Ops, RHC, IT					Ongoing								25%
SP	IV.8	Linkage of plans to Strategic Plan	Execs														
<b>CHAPTER V - IT MODERNIZATION</b>																	
<b>IT Planning, Structure, &amp; Staffing</b>																	
IT-Org	V.1	IT Management Council established	IT Exec	CEO, Execs													100%
IT-Org	V.2	Priority IT plans developed & implemented	IT Exec	IT Team													25%
IT-Org	V.3	Priority IT policies & IT developed	IT Exec	ITMC					Ongoing								
		-- PMO							Ongoing								40%
		-- IT Operations							Ongoing								15%
		-- Information Security							Ongoing								
IT-Org	V.4	IT Strategic Plan developed & aligned	IT Exec	ITMC													10%
IT-Org	V.5	IT Program Management Office established	CEO	CTO, AEO/Admin													100%
IT-Org	V.6	IT/IS structure realigned	CEO, CTO	AEO/Admin													50%
IT-Org	V.7	IT staffing plan implemented	IT Exec	HR Dir													10%
<b>IT Security</b>																	
IT-Security	V.8	Immediate IT vulnerabilities addressed	IT Exec	IT Sec Consultant													100%
IT-Security	V.9	Security expert consultant study completed	CEO	IT Exec													100%
IT-Security	V.10	Security study recommendations adopted	IT Exec	ITMC													60%
<b>IT Investment</b>																	
IT-Invest	V.11	IT recommended investments	CTO, AEO/Admin	ITMC													
IT-Invest	V.12	IT Modernization/IT Strategic Plan adopted	IT Exec	Trustees													
IT-Invest	V.13	IT capabilities/systems upgrade investments	Trustees, IT Exec	ITMC													
<b>IT Implementation</b>																	
IT-Imple	V.14	IT "quick fixes" implemented	CTO, AEO/Admin														100%
IT-Imple	V.15	IT Strategic Plan/other IT plans implemented	CTO, AEO/Admin														5%
IT-Imple	V.16	Robust telecommuting capabilities	CTO, AEO/Admin	IT Exec													80%
IT-Imple	V.17	Migration to the cloud (vendor resources)	CTO, AEO/Admin	CIO													5%
IT-Imple	V.18	Migration to the cloud (servers & systems)	IT Exec														5%
IT-Imple	V.19	Virtual call center, including counseling	AEO/Ops, IT	Mem Group													100%
IT-Imple	V.20	Remote work capability for benefits analysts	IT														100%

Focus	Action Steps		Accountability		FY2020-21				FY2021-22				FY2022-23				FY2023-24	Percent Completed
			Lead	Support	Jul	Aug	Sep	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<b>CHAPTER VI - WORK CULTURE &amp; CHANGE MANAGEMENT</b>																		
Culture	VI.1	Leadership & management dev program	CEO	HR Dir														10%
Culture	VI.2	Diversity/Inclusion Plan (culture/values)	CEO	Execs, HR Dir														10%
Culture	VI.3	Shortened technical training	QA	Mem Group				Prepare										
Culture	VI.4	Levels of Protection defined & implemented	Chief Counsel	Compliance Officer														20%
<b>CHAPTER VII - ENHANCED PROCESSES &amp; OPERATIONS</b>																		
Improve	VII.1	New budget system and processes	Admin Services	CFO	Build on existing "Great Plains" platform													15%
Improve	VII.1	Division staffing & metrics in budget	CEO/COO	Mgrs/Mem Ops			Draft Budget											
Improve	VII.2	Continuous process improvement initiative	AEO/Mem Serv	PMG					Ongoing									
Improve	VII.3	Metrics & priority processes to improve	PMG	Mgrs/Mem Ops					Annual									25%
Improve	VII.4	Best practices & best-in-class standard	Execs	Mgrs/Mem Ops					See also IV.1									
Improve	VII.5	Process inventory/priorities approved	Execs	AEO/Ops, PMG					Annual									
Improve	VII.6	Process improvement with metrics	PMG	Mgrs/Mem Ops					Ongoing									
Improve	VII.7	Potential expansion of PMG's services	CEO	Execs														



# STRATEGIC PLANNING & BUDGETING FRAMEWORK

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## Setting the Path for our Future

Authors:

JJ Popowich, Assistant Executive Officer

Kimberly D. Hines, Administrative Services, Division Manager



L.A. CERA

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# LACERA STRATEGIC PLANNING & BUDGET PROCESS

## Strategic Planning Overview

Providing an overall sense of direction is one of the most important responsibilities of LACERA's leadership. Efficient and effective organizations have a clear understanding of their mission, the vision of where the organization is going, and the resources needed to accomplish the plan. Just understanding what needs to be accomplished to meet the mission is not enough. A successful organization will have a plan for achieving these goals by budgeting and allocating the appropriate resources to accomplish the plan. Finally, just preparing and budgeting for the plan is not enough; the organization has to manage to the plan and measure its progress consistently and analyzing the results of the plan to ensure it was effective in fulfilling the mission.

**“Strategic planning systems propose methods for formulating and implementing strategic decisions and allocating resources to back them up across units and levels of the organization (Rainey, 2014).”**

The strategic planning is critical to effect change and move an organization forward on its mission path. The resulting plan must be,

- “1) Comprehensive – it covers the [organizational and environmental] landscape.
- 2) Critical – the impact must be crucial to the organization,
- 3) Changeable – it involves significant change in a positive direction
- 4) Controllable – it is within the control [ability to deliver] of the organization (Ebener & Smith, 2015).”

Organizations are systems that exist within systems, or if you prefer, they are unique ecosystems that exist in a larger ecosystem. When approaching the goal of strategic planning, the leaders of the organization need to view the organization as one ecosystem, understanding that changes made in one area are reliant on changes in another area and that each change can have both local (work unit or division) and global (organization-wide) outcomes. Additionally, the larger ecosystem that the organization operates within has influences and impacts on the organization. Therefore, any strategic planning process necessitates a review of the current organization in relation to its ecosystems.

Strategic planning is not solely an executive function. While it is often lead by an executive leader, the act of generating the plan should be an organizational function. When approaching

strategic planning with the understanding that the organization is a system, it necessitates having representatives of all the various sub-units as part of the process. Planning to meet strategic initiatives and fulfill the related objectives requires careful balancing of resources across multiple units within the organization. Failing to take into account competing needs for resources and setting priorities – the lack of approaching the planning from a system-wide perspective – will ultimately result in internal conflict and paralyze the organization, which in turn generally means failing to meet critical initiatives.

Successful planning and implementation of the plan requires assistance from all levels of the organization. While not solely an executive function, the executive team must be committed to ensuring that all decisions and actions taken by all levels of the organization are made with the mission, vision, and strategic plan in mind. Also, it is critical the planning and implementation of any strategic plan have the buy-in and full support of the Boards providing oversight for the organization.

Therefore, the Boards must be part of the planning journey. There must be an effort to get alignment between the Boards and the management team in terms of the strengths, weaknesses, opportunities, and threats the organization faces. There also needs to be alignment in priorities. This alignment necessitates the Boards being a part of the journey to gather their input and consider the input as the plan is developed. The organization must always remember that the Board provides funding for strategic initiatives.

Finally, any strategic plan once adopted has to remain at the forefront of the organization's goals. According to one source, “70 to 90% of strategic plans are not implemented (Ebener & Smith, 2015).” That is a staggering number, and frankly a realistic number if compared to LACERA’s past performance on implementing our strategic plans. Ebener and Smith go on to state, “There are many reasons for this. In some cases, the environment changes so quickly that the strategic plan becomes outdated. In other cases, the resources needed to implement the plan are not available. But more often than not, strategic plans do not get implemented because they lack an action plan. They lack specificity and measurability.” We would add to that they lack realistic project plans that properly allocated scarce resources that the goals often competed against each other for.

With this in mind, we propose a new strategic planning process and format. Our proposed strategic plan helps to define the direction to travel and aids in establishing realistic objectives and goals that are in line with our vision and mission. The new process is a holistic approach involving multiple levels of LACERA management and staff, and importantly, the Boards. The resulting strategic initiatives will be tied to objectives backed up by a realistic and balanced project plans, and the organizational budget. These project plans will be tracked and managed to ensure that target dates are met and any barriers to the successful completion of the plan are addressed promptly. The entire plan will be specific, measurable and foster accountability.

## Elements of a Strategic Plan

The LACERA Strategic Plan is a useful tool that assists LACERA with laying out a set of goals and measurable objectives that demonstrate how LACERA’s mission and vision will be advanced over the next fiscal year. The plan is based on fostering accountability and allowing the flexibility to change the plan as the system and needs change. The strategic plan can only remain relevant and useful to LACERA if it is a living document and is the basis for management action. As such, it must be reviewed annually, and reference long-range plans outlined in manageable phased approaches. Following are the major elements of our strategic plan:

- **Mission Statement** – Describes what we do today, for who and how.
- **Vision Statement** – An aspirational statement of where we want to be in the future.
- **Core Values** – Describes our beliefs and behaviors. They are the things that we believe in that will enable us to achieve our vision and mission.
- **Strategic Assessment/ SWOT Analysis** – Stands for strengths, weaknesses, opportunities, and threats. It sums up where we are now and provides ideas on what we need to focus on.
- **Strategic Initiative** – From the strategic assessment, we will define a set of priority initiatives (usually three to five statements) that describe how we plan to achieve our vision.
- **Objectives** - Each strategic initiative will have a few (three to five) objectives that advance the organization’s initiatives.
- **Key Performance Measurement** – In line with the phrase, “what gets measured gets managed” Each of the objectives will have key performance measurements that follow the SMART goal setting approach to ensure that they are specific, measurable, achievable, relevant and time-based. To track progress towards completing each objective, interim steps or milestones will be developed and documented as part of the overall plan.

Example:

<b>Strategic Initiative</b> Provide Outstanding Customer Service
<b>Objective</b> – <i>Maintain Exemplary Customer Satisfaction Ratings</i>
<b>Key Measurement</b> – Achieve a score of 95% on the 90% Customer Satisfaction Survey

- **Annual Budget** – The annual budget is the financial road map for accomplishing this year’s objectives described in the strategic plan. The plan makes clear what the priorities are and where resources should be concentrated.

# Plan Development Process

Our approach to developing the framework of the LACERA Strategic Plan begins with a traditional planning process involving all levels of the organization including the Trustees and key stakeholders. The purpose of the planning sessions is to clarify LACERA's purpose, define its culture, confirm the vision, and identify priorities. This mission statement is our mandate, but we feel a robust discussion about what it means to the organization and team on an annual basis will help refresh and refocus our purpose. Our vision and our core values should remain constant but can change from time to time. Again, revisiting both on an annual basis should focus our energies and direction. Finally, defining our strengths, weaknesses, opportunities, and threats and prioritizing them in relation to our mission and vision is the first critical step to strategic planning.

A key component of our strategic planning process is to determine the measurement tools and methodology for monitoring the results. Throughout the planning process, the team will be discussing and developing simple but realistic project plans that include measurable milestones.

As we consider board alignment a critical step in this process, our plan integrates LACERA's Joint Organizational Governance Committee (JOGC) in the plan development and ultimately for approval of the process from the Boards. This ensures that all efforts are directed towards a uniform vision and commitment to achieving our objectives.

The plan development process with the assistance of a consultant to facilitate the process includes the following steps:

**1. Review and/or refine LACERA's Mission and Vision statement:**

- This process is conducted annually as a reaffirmation of the approved statements.
- From time to time, the team may make recommendations to adjust the vision to keep it relevant to the evolving ecosystems, legislative changes, and member demands.

**2. Confirm that LACERA's Mission and Vision statements link to LACERA's core Values.**

- Core Values are the guiding principles in which we frame our decisions. They conduct how we act internally and externally. As such, they must be reviewed annually to focus on our purpose.
- From time to time, the team makes recommendations regarding the adjustment of our values.

### **3. Perform or review the SWOT analysis/ review LACERA's Risk Assessment**

- Strategic Plans are meant to change and move organizations forward in a positive manner.
- As our environment changes, our strengths, weaknesses, opportunities, and threats can change too. An annual review of these will keep our strategic initiatives and objectives timely and relevant to our mission, our member, and plan sponsor needs.
- A healthy review of LACERA's risk assessment can help point us to critical areas of the organization that need to be addressed and may help in defining our priorities.

### **4. Draft LACERA's Strategic Initiatives and Objectives.**

- Our plan calls for the strategic planning team to identify and draft our strategic initiatives and define relative objectives.
- The definition of a strategic initiative is generally expected to be done once and remain relatively fixed unless major changes in our ecosystem occur.
- The initial definition of the objectives, which may change annually, will include discussions on the priority and achievability of the recommended objectives. The team will not be developing project plans at this point until we align the initial strategic initiatives and the objectives with boards.
- Each objective will be defined with a business case for why the objective is needed, the expected outcome or cost-benefit of the objective, and the relation of the objective to the proposed strategic initiative, the vision, and the values. The resulting recommendation will provide a clear understanding of why the team feels it is relevant and serve as a basis for the board's review.

### **5. Seek board alignment and approval of the strategic initiatives and objectives.**

- Our proposal calls for a half to full day "offsite" with the Board Trustees to discuss alignment with the organization's vision, core values, the proposed/adopted strategic initiatives, and the objectives.
- We feel this alignment session should include a robust discussion on the SWOT and/or risk assessment analysis. It is critical the boards agree with the organization's assessment. Without the agreement of the JOGC on these issues, objectives may not receive board or committee approval.

### **6. Draft SMART key measurements, project plans, budgets, and the overall strategic plan.**

- Following the board alignment, offsite the management team will reconvene and form workgroups who will be assigned responsibility for developing and initiating the objective. Each workgroup will generally be cross-functional and include members of the divisions that are necessary for the successful completion of the objective.
- The workgroups will elect a project lead who will be responsible for compiling a project plan, budget, and serve as the team's communicator for reporting progress. The project lead will also be responsible for making sure the team stays



on target and for escalating issues that may impede the successful completion of the objective.

**7. Seek JOGC input on the draft strategic plan and budget.**

- Each simple project plan will include a definition of the budget needed to carry out that plan. Even if the plan relies on existing resources, it should define how those resources are used and should clearly indicate there is no expected impact on the organizational budget.
- Each simple project plan that requires additional budgetary resources will clearly state what those resources are. This will allow the team to have a discussion with the JOGC and set the case justification for the addition of the resources in the organizational budget.

**8. Fold Strategic Plan costs into the budget and clearly define those costs for transparency.**

- The strategic planning process feeds the budget process. We recognize that there are organizational maintenance costs that are ongoing. Costs related to strategic plans may be one-time costs or may be added on-going costs. These will be clearly defined in the narrative of the budget proposal request.

## Strategic Planning Consultant

We recommend LACERA select a strategic planning consultant to assist with the development of our strategic planning process and the first strategic plan. The assistance of a third-party would help ensure the final strategic planning process incorporates best practices in strategic planning. A consultant can also help LACERA educate the management team on strategic planning. It is likely that most LACERA managers have not been exposed to a formal strategic planning process. Additionally, we believe having a consultant to act as a facilitator will help avoid the management team being influenced by the Executive leadership team. We want the management team to be honest and innovative; they should be able to freely share their ideas without the unconscious bias of “wanting to please the CEO or Executive team”. The process should ensure that we hear what we need to hear, not what the management thinks we want to hear. Finally, a consultant will help keep the planning process on track, especially with the tight time frame required to develop the budget and seek approval by the statutory deadline.

# The Strategic Planning Timeline

Planning is not something to be rushed. While some aspects of the planning process happen during a several hour meeting, a successful planning process requires time to consider the steps and resources needed to meet the strategic initiative objective. Careful consideration needs to be given to ensuring the demands on limited resources are balanced to effect successful completions. At the same time, a planning process cannot be allowed to linger on, or the teams will lose the momentum gained by the focused attention to the process. We believe the timeline outlined below is appropriate for LACERA.

<b>LACERA Strategic Plan Timeline</b>
<b>June – July</b>
1. Select a Strategic Planning Consultant
<b>July - August</b>
<ol style="list-style-type: none"> <li>1. Strategic Plan Overview (Education) (Components) - Mission/Vision/Values/Strategic Initiatives/Objectives/Key Measurement</li> <li>2. Review (adjust) Mission/Vision/Values</li> <li>3. SWOT/Risk Assessment (Review or Create) (Assessment of where we are and where we want to go)</li> <li>4. Development of Strategic Initiatives</li> <li>5. Development of Strategic Objectives</li> </ol>
<b>September</b>
<ol style="list-style-type: none"> <li>1. Strategic Plan Overview</li> <li>2. Results of SWOT</li> <li>3. Presentation of Draft Strategic Initiatives</li> <li>4. Presentation of Draft Strategic Objectives</li> <li>5. Solicit feedback/Confirm Agreement and alignment</li> </ol>
<b>September (Immediately after JOGC Meeting)</b>
<ol style="list-style-type: none"> <li>1. Discuss JOGC approval of Strategic Initiatives &amp; Objectives</li> <li>2. Form work groups based on Objectives.</li> <li>3. Overview-How to develop Key Measurements/Project Plan/Projects</li> <li>4. Establish due dates</li> </ol>
<b>September - October</b>
<ol style="list-style-type: none"> <li>1. Team meetings to develop.               <ul style="list-style-type: none"> <li>• Key Measurements</li> <li>• Project Plan</li> <li>• Budgets</li> </ul> </li> <li>2. Management meeting to review Key Measurements/Project Plans/Budgets</li> <li>3. Draft Strategic Plan</li> </ol>

### December – January

1. JOGC Meeting – Presentation of Draft Strategic Plan
2. Adjustment/Corrections to Strategic Plan

## The Budget – Expressing the Strategic Plan & Organizational Goals in Financial Terms

A budget in general terms, is a tool that estimates revenues and expenditures for a financial year. Another way of thinking about the budget is to consider it LACERA's Strategic Plan and organizational goals expressed in financial terms. The Strategic Plan outlines LACERA's mission, goals for the future and strategies to achieve those goals. The budget ensures the organization has the necessary resources by assigning a dollar amount to the goals and outlining areas of program expansion or deletion.

LACERA's Board of Retirement and Board of Investments (the Boards) have the exclusive responsibility to administer the Administrative, Retiree Healthcare, Other Post Employee Benefit (OPEB) program budgets in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. To facilitate meeting this responsibility, LACERA uses a budgetary process to plan and allocate the expenses of administering the system.

## The Budget Planning Process

A good budget takes into account ongoing maintenance of current processes and procedures that need to or should continue as well as the strategic initiative objectives outlined in the strategic plan. The results of the strategic planning process flow into the budget planning process. Therefore, we link them together as part of a universal Strategic & Budget Planning process. However, because they are unique processes, we break down the processes into two sections of this document: The Strategic Planning & the Budget Planning process. The important thing to remember is the two processes may overlap at times.

Like the Strategic Plan, the budget has to have the support and buy-in of the management team and the Boards. In accordance with the Joint Organizational Governance Committee Charter, we have incorporated the JOGC into our new process to provide oversight and guidance. The following plan moves to align LACERA's budgets with the Strategic Planning process, and begins in September, which coincides with the final stages of the strategic planning process.

The budget process is composed of seven phases. These phases and targeted timeframes are highlighted below:

## ***Phase 1 (September 1 – October 15, 2020)***

### **Budget Planning and Preparation:**

The LACERA Budget Team is in charge of managing the budget process and is instrumental in ensuring that the budget is developed and adopted by the established due date. The process of preparing the budget is a highly regimented exercise and follows a strict schedule that must be adhered, so that we may meet our commitment to the JOGC and meet the deadline to approve a budget before the new fiscal year.

The planning and preparation process includes the following steps:

#### **1. *Create budget planning package.***

The budget-planning package is distributed to management and includes:

- Budget Guidelines: This includes the budget rules and an overview of the budget process, including expectations for managers on how they should be presenting a business case for their budget requests.
- Budget calendar and a timeline.
- Division staffing details and services & supply expenditure history.

As part of our move to align the budget with the strategic goals, this year the budget team will integrate, the budgets created during the strategic planning sessions with the overall divisional budget request.

#### **2. *Coordinate with strategic partners***

Communication is a key component of the budget process. As a single budget request can involve multiple areas of the organization, we deem it important to collaborate with and include the following key partners in the budget planning meetings:

- Human Resources to discuss staffing needs, classifications, vacancies, temporary staffing, etc.
- Administrative Services Facility Maintenance section to discuss space and renovation needs.
- Systems to discuss technology needs.

It is critical that these business partners participate as a united and coordinated team. In past budgeting cycles, these partners have either met separately with managers or two of the three partners would meet, and the third partner would follow up. To ensure that all business partners are aware of the manager's plans and needs and to ensure that all requests are documented appropriately, all three partners will be required to meet as a team.

### **3. Budget Kick-off Meeting with Management**

The move to align the budget with the strategic plan and to incorporate the JOGC has extended the budget development process to 10 months. As a result, effective communication and collaboration is essential.

*This year the budget team will coordinate a budget kick-off meeting with the management team to communicate the new process, the revised timeline and to set expectations about the upcoming budget season.*

#### **Phase 2 (October 15 – November 5)**

##### **Budget Meeting with Managers:**

During this phase, the budget team meets with each Manager and the key strategic partners (HR/Facilities/Systems) to review the divisional staffing requests and other needs. This year the budget team will incorporate a discussion and will document the budget requests that directly relates to the strategic initiatives.

The Budget team will also review and collect the business case analysis that back up the Manager's request. This will enhance the budget planning process by helping improve the dialogue between managers and the executive team as they assess everyone's needs. Some of these business case analyses will simply be the strategic plan initiative objective project plans. In other cases, the manager will need to put together a data driven cost-benefit analysis for their requests.

A cost-benefit analysis need not be a dollar-for-dollar analysis of what the organization will gain from the request. However, the analysis must clearly explain the value (service, efficiency, employee engagement, legislative requirement, etc.) and the expected outcome of the request and how it meets the mission, vision or compliments the strategic plan initiatives.

This analysis will assist the executive team in making fair, objective, and business-based decisions on the requests. It will also assist us in developing the case for the Boards as they move along the budgeting process with the team.

#### **Phase 3 (November 11 December 6)**

##### **Management Meeting with Executive Team:**

During this phase, the Manager, Executive Team, and Budget staff meet to discuss the divisional budget requests. The Manager meeting with the Executive Office serves as the first component of the approval process.

*For this year, the discussion will include a review and confirmation of the strategic objectives and budgets approved during strategic planning process and well as a budget case analysis for any requests for items not related to the strategic initiatives.*

#### ***Phase 4 (January 6 – January 17)***

##### **Conceptual Budget Review with JOGC:**

LACERA's Board of Retirement and Board of Investments (the Boards) share responsibilities related to adopting the budgets. To facilitate this shared responsibility, the Boards have tasked the JOGC to provide oversight and guidance during the strategic planning and budgeting process.

During this phase, a conceptual budget will be presented to the JOGC. Managers will present their approved business case analysis for any significant requests included in this year's budget as well as a review of the costs associated with the strategic plan initiatives. Significant requests include requests for new staff, expected ongoing costs over \$50,000 and any one-time cost projects over \$100,000.

We feel it is important for Managers to make the business case. They are the subject matter experts and best suited to explain their needs. Additionally, this will help re-enforce the accountability factor and give managers more experience working directly with the boards. Finally, we feel this adds credibility to the requests and reassures the board members these decisions are based in careful planning and for a clear need.

#### **Phase 5 (January 6 – February 28)**

##### **Proposed Budgets Drafted:**

During this phase, the budget team will draft the proposed budget in accordance with the JOGC's approval of the conceptual budget.

#### **Phase 6 (March 2 – 15)**

##### **Proposed Draft Budget Review with JOGC:**

During this phase, the proposed draft budget will be presented to the JOGC and will include detailed calculations, worksheets and costs. The JOGC will review, make adjustments and/or approve the proposed draft budget. If approved, the JOGC will recommend the budget to both Boards.

Beginning with the 2020-2021 FY, we will be introducing a new format for the Budget Highlights. In keeping with the philosophy that the annual budget is a planning, policy, and performance document, the new highlights will include a section on the division's current FY performance (based on key performance indicators already in existence, financial highlights, or new newly developed key performance indicators). The second section will highlight the business case analysis to justify the Manager's request. It should be noted that this will be a major shift and the Highlights will be an evolving part of the budget. As we develop them, they will become more informative and helpful. Adopting this format will

increase the transparency of the budget, allow the Managers and LACERA to highlight our successes and address areas we need to improve. It will be the story behind the budget.

### **Phase 7 (Mid-April – May)**

#### **Budget Hearings:**

The budget hearings are held to invite all board members and the public to review, comment or ask questions about the proposed budget.

### **Phase 8 (By June 30)**

#### **Budget Adoption:**

A recommendation for approval of the Administrative Budget will be placed on the agenda at each Board of Retirement and Board of Investments meeting prior to June 30.

## References

- Ebener, D. R., & Smith, F. L. (2015). *Strategic Planning: An Interactive Process for Leaders*. New York: Paulist Press.
- Rainey, H. (2014). *Understanding and Managing Public Organizations*. San Francisco: John Wiley & Sons, Inc.
- Robert D. Lee, J., Johnson, R. W., & Joyce, P. G. (2013). *Public Budgeting Systems*. Burlington: Jones & Bartlett Learning.





May 19, 2021

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: Kimberly D. Hines, CPA <sup>KDH</sup>  
Manager, Administrative Services Division

FOR: May 28, 2021 Joint Organizational Governance Committee

SUBJECT: **Budget to Actual Expenditure Analysis**

At the April 22, 2021 Joint Organizational Governance Committee (JOGC) meeting, the Trustees requested that the Budget Team prepare and present historical budget to actual expenditure information.

**Background**

LACERA’s budget development process includes ensuring that the LACERA Administrative, Retiree Healthcare Benefits and Other Post-Employment Benefits Budgets are adopted by both Boards by June 30 of every year. Throughout the fiscal year, the Budget Team monitors and reports expenditure information to LACERA’s Management Team and the JOGC. At fiscal year-end, actual expenditures are determined and compared to the adopted budget. Any variances noted are documented, analyzed, and reported in the Fiscal Year End Budget Control Report.

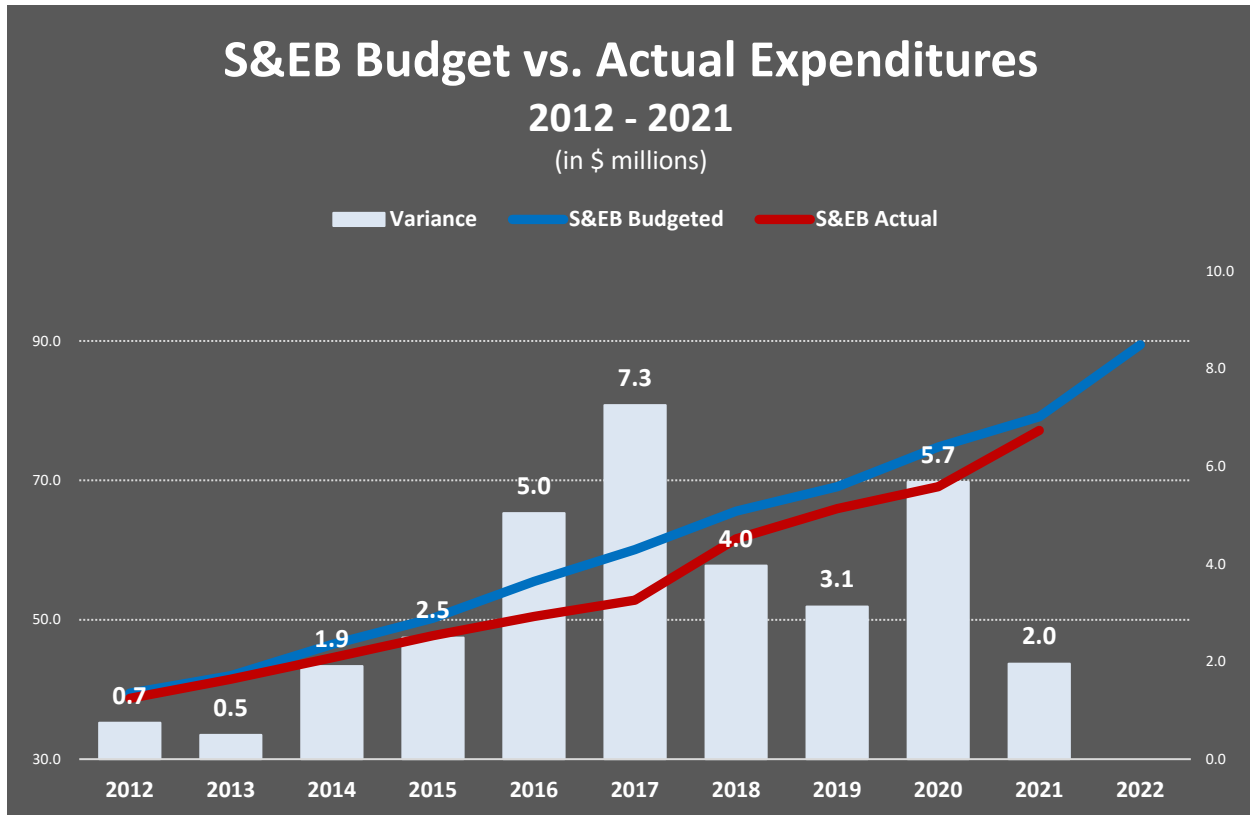
Over the years the Trustees have voiced concerns about the significant under-expenditure amounts noted. The table below displays the budget to actual expenditure history for the past 10 years.

**APPROVED BUDGET TO ACTUAL EXPENDITURES**

FISCAL YEAR	APPROVED BUDGET	ACTUAL EXPENDITURES	VARIANCE	% CHANGE
2011-2012	\$52,826,137	\$50,133,144	(\$2,692,993)	-5.1%
2012-2013	56,848,853	53,985,901	(2,862,952)	-5.0%
2013-2014	62,193,060	58,580,444	(3,612,616)	-5.8%
2014-2015	65,629,252	62,917,421	(2,711,831)	-4.1%
2015-2016	73,090,757	67,394,845	(5,695,912)	-7.8%
2016-2017	76,828,817	67,426,897	(9,401,920)	-12.2%
2017-2018	83,554,666	78,283,571	(5,271,095)	-6.3%
2018-2019	88,622,236	81,956,838	(6,665,398)	-7.5%
2019-2020	94,599,990	85,634,908	(8,965,082)	-9.5%
2020-2021	100,290,517	96,632,374	(3,658,143)	-3.6%

\* Projected expenditures based on YTD figures

LACERA's budget process is based on expected spending patterns for the coming year based on approved strategic plans and basic administrative needs as approved by the Boards. When LACERA's actual spending pattern deviates from the planned spending patterns for any fiscal year a variance occurs, which leads to a difference between budget and actual expenditures. A significant portion of the variance noted in prior years relates to staffing costs. The chart below displays Salary and Employee Benefits (S&EB) budget to actual expenditures and variances for the past 10 years.



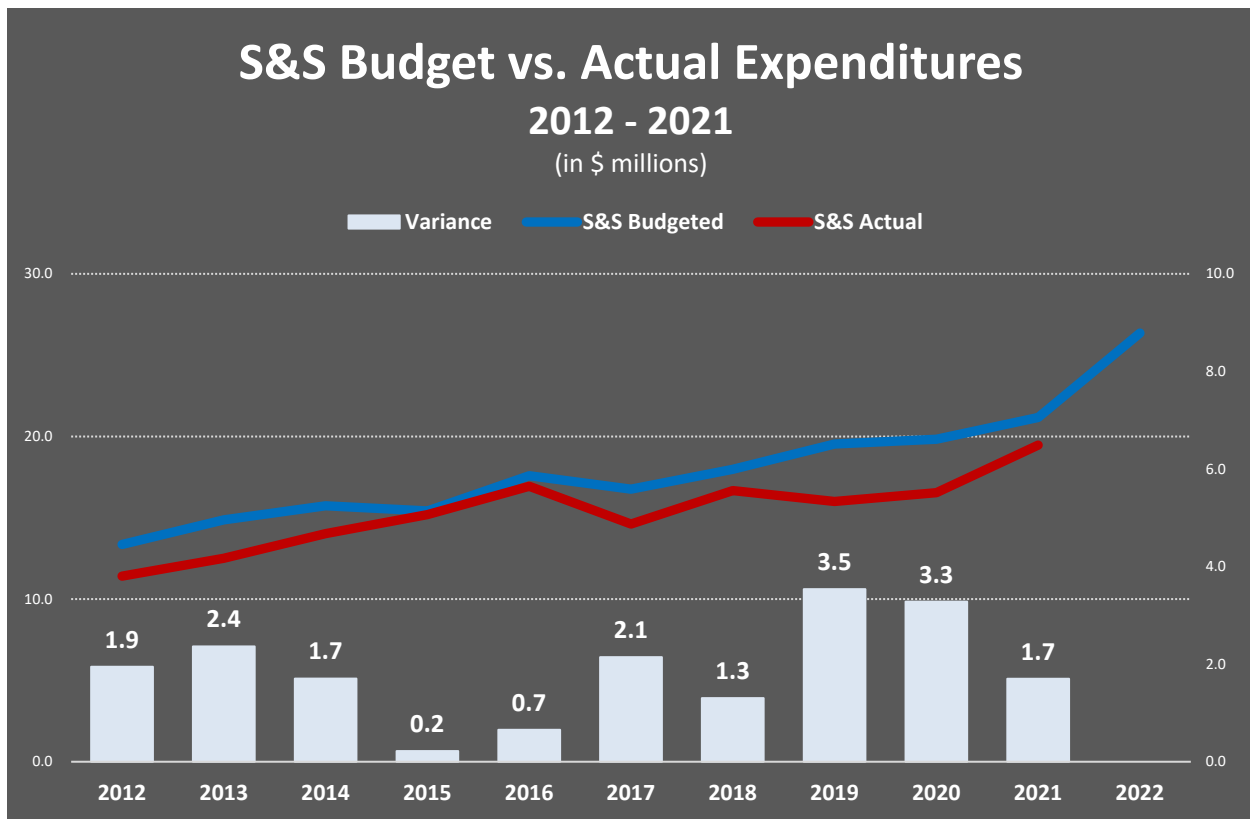
The variance in S&EB is specifically attributed to changes in hiring plans that resulted in vacant positions not being filled in the timeframe originally planned. This includes the following:

- Salary Savings - Vacant positions include salary savings for the number of months it takes to hire the position. We estimate the vacancy at six months unless otherwise specified. An under expenditure is noted if the vacancy extends beyond the estimated period.
- Unexpected Retirements and Other Separations – Most employment separations are anticipated and factored into the budget. On occasion, retirements, resignations, and terminations occur that were unanticipated during the budget process.

In prior years, the Budget Team did not devote resources during the fiscal year to making budget adjustments for hiring plan changes. For example, if we allocated 9 months of funding in the budget for a vacant position and the position did not get hired, this amount would be included as an under-expenditure in the variance amount at the end of the year.

A portion of the variance between budget and actual expenditures also relates to Service and Supply (S&S) costs. Most of the prior year under-expenditure pertain to changes in organizational priorities that resulted in project deferrals to future years. We reviewed the under-expenditure amounts for the past 5 years and noted the variances included deferrals related to Information technology projects, audits, office space renovations and educational expenses.

See table below for S&S budget to actual expenditures and variances for the past 10 years.



Specific details and explanations for budget variances, can be found in prior year Fiscal Year End Budget Control Reports.

### **New Strategy**

We have heard the Boards repeated concerns about developing a budget that more closely aligns with actual spending. Since budgets are developed based on planned spending, and that spending can change over the course of the fiscal year, it was time for a new budget methodology. For FY 2020-2021 we implemented a new strategy for

budgeting S&EB that includes a two-prong approach to assessing and reassessing the fiscal year hiring plan. We also reevaluated spending plans for Service and Supplies.

1. During the budget development process, we partnered with the Division Manager and Human Resources to make a more realistic assessment of the timeframe for hiring vacant positions.
2. At the mid-year, we partnered to reassess divisional hiring plans. Based on this information, we reduced permanent salaries and variable benefits by \$2.6 million and increased temporary staff by \$2.2 million in the Mid-Year Budget. We also reassessed Service and Supply spending plans and made similar adjustments.

Based on year-to-date expenditures as of March 31, 2021, we are projecting a Salary and Employee Benefits under-expenditure of \$2.0 million. This is a notable decrease from the prior year under-expenditure of \$5.7 million. See comparison chart below:

**COMPARISON OF  
CURRENT YEAR BUDGET TO PROJECTION**

<b>FISCAL YEAR</b>	<b>BUDGET FY 2020-2021</b>	<b>YTD (3-31-21)</b>	<b>PROJECTION</b>	<b>OVER/(UNDER) BUDGET</b>
Salary & Employee Benefits	\$79,121,717	\$51,144,227	\$77,163,043	(\$1,958,674)
Services & Supplies	21,168,800	9,975,571	19,469,331	( 1,699,469)
	<b>\$100,290,517</b>	<b>\$61,119,798</b>	<b>\$96,632,374</b>	<b>(\$3,658,143)</b>

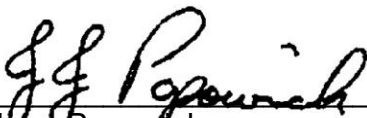
Similarly, the Services and Supplies under-expenditure is estimated at \$1.7 million. This is a decrease in the prior year under-expenditure of \$3.3 million and relates to the following:

- Travel, Transportation and Education - At the Mid-Year Budget preparation, we were optimistic about COVID-19 conditions improving for the second half of FY 2020-2021. Travel to conferences and participation in other educational opportunities have not occurred and will most likely result in an under-expenditure for these categories.
- IT Knowledge Base project cancelled because it is no longer needed.
- Recruitments expenses less than anticipated.
- Some anticipated external audit engagements were moved to the next fiscal year.

**Conclusion**

The Budget Team is committed to supporting the mission to produce, protect and provide the promised benefit. We consistently look for new methodologies to prepare and communicate budgetary data that is meaningful to the user. We are confident that the new strategy implemented will yield the desired result of closely aligning the budget with actual spending. We will review and report the results to the JOGC as part of the June 30, 2021 Fiscal Year End Budget Control Report.

**REVIEWED AND APPROVED**



John Popovich  
Assistant Executive Officer

c: S. Kreimann

KH:jj

**FOR INFORMATION ONLY**

May 18, 2021

**TO:** Joint Organizational Governance Committee  
Shawn R. Kehoe, Chair  
Elizabeth Greenwood, Vice Chair  
Alan Bernstein  
Vivian H. Gray  
Herman B. Santos  
Keith Knox  
Joseph Kelly

**FROM:** Carly Ntoya, Ph.D. <sup>cn</sup>  
Director, Human Resources Division

**FOR:** May 28, 2021 Joint Organizational Governance Committee Meeting

**SUBJECT: RECRUITING AND HIRING PLAN**

Human Resources (HR) is excited to share the recruitment plan that will decrease the number of vacant positions at LACERA. The recruitment plan balances strategic priorities, HR staff capacity, the number of vacancies in a single classification, and the number of vacancies in a single division.

**Vacant Positions**

At the start of Fiscal Year 2020-2021 there were 481 budgeted positions and 67 vacancies. The vacancy rate was 16%. This vacancy rate is consistent with the vacancy rate of the past three years: 15% in July 2019, 16% in July 2018, and 16% in July 2017. As of May 17, 2021 there are 485 budgeted positions and 83 vacancies, for a vacancy rate of 17%. The number of vacant positions is adversely impacting our operations and is not sustainable. As part of the strategic planning process LACERA will identify a target vacancy rate as a component of the workforce planning strategy.

In Fiscal Year 2017-2018 LACERA had a net increase of fourteen (14) staff members by hiring forty-three (43) staff members and separating twenty-nine (29). In Fiscal Year 2018-2019 LACERA had a net increase of twenty (20) staff members by hiring forty-three (43) staff members and separating twenty-three (23). In Fiscal Year 2019-2020 LACERA had a net increase of four (4) staff members by hiring twenty-one (21) staff members and separating seventeen (17). In Fiscal Year 2020-2021, to date, LACERA has a net increase of two (2) staff members by hiring twenty-one (21) staff members and separating nineteen (19). While HR staff never stopped

recruiting and hiring, the COVID-19 pandemic certainly slowed efforts down. Unfortunately, this created an imbalance between the number of staff hired and the number of staff separated from LACERA. When added to the number of pre-COVID vacancies, this imbalance contributed to the unusually large number of vacancies we currently have.

There are twenty-three (23) vacancies in the Systems Division, the highest in the organization. Eleven (11) of those vacancies are in the Information Technology Specialist I and Information Technology Specialist II classifications. These are new, highly specialized positions that will be used throughout Systems.

Administrative Services Division has ten (10) vacancies. The recruitment for the Administrative Services Officer (ASO) position has been suspended in anticipation of filling the ASO for the Budget Section. We are reevaluating our efforts to identify quality candidates for the second ASO over the Procurement & Risk Management section. Once hired, the ASO will participate in the recruitment of their staff members, which will decrease the number of vacancies in the division.

The Financial and Accounting Services Division (FASD) has ten (10) vacancies. Classification studies have prevented or significantly delayed the recruitment and examination process for Accountant, Senior Accountant and Accounting Officer.

There are seven (7) Retirement Benefits Specialist III, six (6) Senior Retirement Benefits Specialists, five (5) Retirement Benefits Specialist II vacancies. The positions in the Retirement Benefits Specialist (RBS) series are located in Member Services, Benefits, and Retiree Healthcare. The Sr. RBS and RBS III vacancies are comprised of both long-term (12+ months) and short-term vacancies created primarily due to attrition.

### **Recruitment Plan**

The current recruitment strategy was developed based on the priorities identified in the CEO's 100 Day Report to the Board Retirement and Board of Investments; targets classifications with a high number of vacancies; targets Divisions with a high number of vacancies; and accounts for HR staff capacity.

<b>Division</b>	<b>Vacancies</b>
Systems	23
Administrative Services	10
Financial and Accounting Services	10
Member Services	8
Retiree Healthcare	7
Benefits	5

Table shows the Divisions with the highest number of vacancies.

<b>Classification</b>	<b>Vacancies</b>
Retirement Benefits Specialist III	7
Senior Retirement Benefits Specialist	6
Information Technology Specialist I	6
Retirement Benefits Specialist II	5
Information Technology Specialist II	5
Accountant	4
Senior Quality Auditor	4

Table shows the classifications with the highest number of vacancies.  
All other classifications have one or two vacancies.

The test development, recruitment and assessment process can take upwards of 16 weeks depending on the classification. It is common for HR to administer examinations in cycles. For example, an HR Analyst might have one examination in the test development phase, one in the recruitment phase and one in the assessment phase. Therefore, the recruitment plan is shown here in cycles.

As of May 18, 2021, the status of currently active recruitments is:

- Financial Analyst III and Procurement & Supply Clerk are in the recruitment phase
- Senior Retirement Benefits Specialist, Retirement Benefits Specialist III, Sr. Quality Auditor, and Administrative Services Manager are in the assessment phase.

The next cycles of test development and recruitment are as follows:

Cycle 1 – recruitment in May 2021

Media Artist  
Retirement Benefits Specialist I  
Senior Disability Retirement Specialist  
Senior Accountant

Cycle 2 – recruitment in June 2021

Data Systems Analyst I  
Data Systems Analyst II  
Data Systems Coordinator  
Staff Counsel  
Senior Internal Auditor

Cycle 3 – recruitment in August 2021

Data Processing Assistant  
IT Specialist I  
Public Information Officer



This above list is subject to change due to shifting priorities and unexpected staff member separations.

The RBS classifications are critical to LACERA's success and service to our members. As such, there is concern whenever there are a significant number of vacancies in this classification series. The Member Services & Benefits Divisions will be able to make hiring decisions in the Senior RBS and RBS III classifications as soon as the eligible list is published (anticipated May 2021). Filling the RBS II positions begin with a recruitment of RBS I trainees who participate in a one-year CORE Benefit training program. Successful individuals will be able to apply to RBS II. During the training program, the RBS I underfill the RBS II vacancies.

The recruitment phase for RBS I will begin in May 2021. This year we expect a larger than normal CORE Benefits training class due to the number of vacancies as well as expected additional staff added should the Trustees approve the 2021-2022 FY budget. Traditionally, we have been limited to a class of about fourteen (14) trainees. However, it is expected that the training class will be large this year due to the number of vacancies and our ability to offer remote learning.

In anticipation of the need for a larger class, Management decided to change how LACERA trains RBS I staff hired to fill RBS II positions in RHC. The skill sets used by these trainees are not consistent with the training provided as part of the CORE Benefits training program. While there is a benefit to creating well rounded staff these staff will not use these skills once they graduate. Effective this year, trainees will not participate in the CORE Benefits training program, but instead go through a tailored training program for RHC. This corresponds with an expected classification study planned to look at creating a separate Retiree Healthcare series to replace the RBS series.

Once the planned recruitments are executed, the classifications with a high number of vacancies will be filled. Moving forward, each recruitment will target one or two vacancies, causing the number of vacancies and the vacancy rate to decrease much more slowly. Again, HR will balance capacity, classification vacancies and Division needs to prioritize recruiting and hiring.

### **Additional Positions**

LACERA requested fifteen (15) positions be added to the 2021-2021 budget. If approved, nine (9) positions are for classifications that have an examination in the assessment phase or is included in Cycle 1, Cycle 2, or Cycle 3. Five (5) classifications representing six (6) positions would need to be added to the recruiting and hiring plan.

### **Disputed Positions**

LACERA is engaging with the County's Chief Executive Office to resolve the status of various classifications. Three classifications (Deputy Chief Investment Officer, Information Technology

Manager II, and Principal Staff Counsel) were not added to the ordinance; therefore, Human Resources did not include these positions in the recruitment plan or vacancy list. Another three classifications (Chief Financial Officer, Chief Information Security Officer, and Chief Technology Officer) were added to the ordinance, but their salary allocations are unresolved; therefore, Human Resources did not include these positions in the recruitment plan although they appear on the vacancy list. Once these issues are resolved, the recruitment for these classifications will be prioritized in the recruitment plan and eliminate the need to use temporary staff to fulfill the duties of these critical items.

Reviewed and Approved:



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JJ Popowich  
Assistant Executive Officer, LACERA

- C: Santos H. Kreimann, Chief Executive Officer  
Jon Gabel, Chief Investments Officer  
Steven P. Rice, Chief Counsel  
Kimberly D. Hines, Division Manager, Administrative Services  
Cassandra Smith, Director, Retiree Healthcare  
Allan Cochran, Division Manager, Member Services  
Carlos Barrios, Interim Division Manager, Benefits  
Bernie Buenaflor, Chief, Quality Assurance



FOR INFORMATION ONLY

May 14, 2021

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: JJ Popowich *JJ*  
Assistant Executive Officer

FOR: May 28, 2021 Joint Organizational Governance Committee

SUBJECT: **Fiscal Year 2020 Cost Effective Management (CEM) Benchmarking Report**

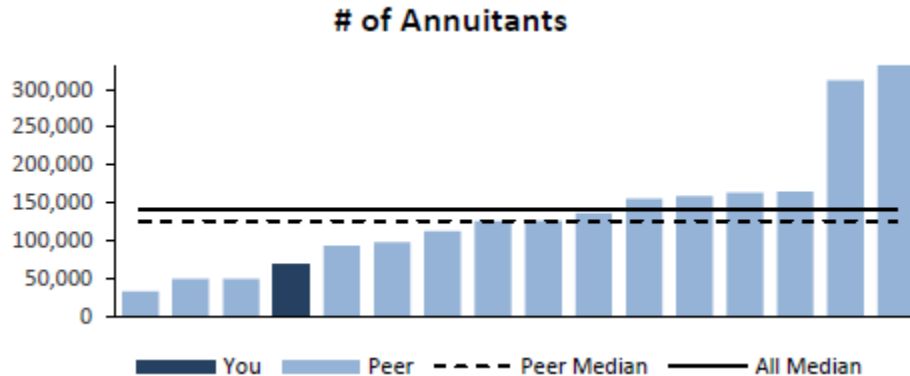
LACERA engages the Cost-Effective Management (CEM) Organization to benchmark LACERA against a selection of pension funds it identifies as LACERA's peer group. Using self-reported data, each fund in this group is ranked according to several measurements designed to quantify the cost-effectiveness of each fund's benefit administration operations.

The CEM Benchmarking Report is a valuable tool that is used by LACERA to give us an objective view of how we compare to other pension systems from a cost effectiveness viewpoint. As you will see, CEM ranks LACERA among the more costly pension funds in our peer group. This is valuable information, but the management team recognizes this is just one viewpoint. The true value of the benchmarking report is not whether we are costly or cost efficient per se (although as good fiduciaries our goal is to always be as cost efficient as possible given our service philosophy), but the real value is in process and data we compile to participate in the survey and the analysis CEM provides. We benefit from the process of diving deep into our data and understanding how and why we differ from others. We also benefit greatly from the process of being ranked in that it should, and does, cause us to ask the questions: can we do better and how do we do better?

Enclosed is the 2020 CEM Benchmarking Report for your Committee's review. According to this report, LACERA ranks as one of the more costly pension funds in its peer group.

As mentioned, CEM ranks LACERA as one of the more costly pension funds. CEM attributes this to the following key factors:

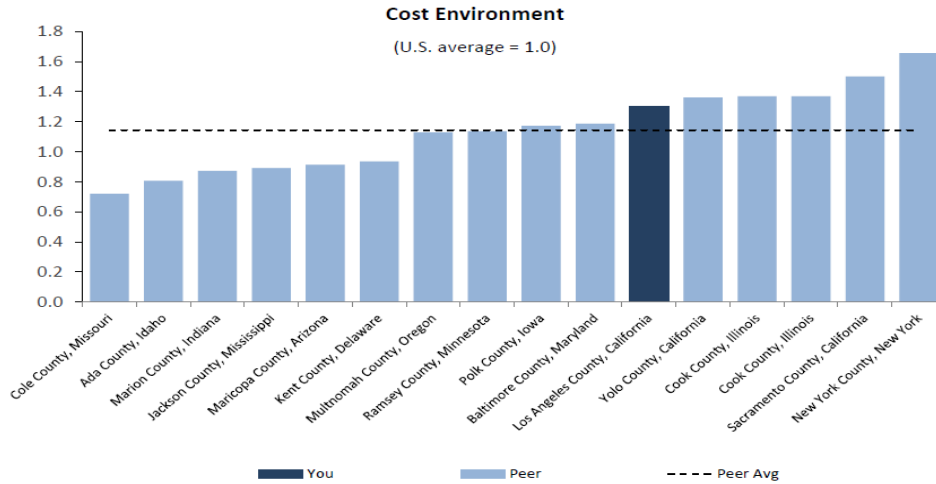
- LACERA has an economies of scale disadvantage relative to its peers in terms of annuitants (retirees) – 45% below the peer average. The economies of scale result from having fewer members than many in our peer group, meaning we have less members to spread costs over, than our peers. (Please see the discussion beginning on page 10 of the CEM Executive Summary).



As CEM looks at cost per annuitant and any of the other cost factors that it points out, we routinely rank higher. Adjusting for scale, CEM estimates it costs LACERA \$400 per member, vs. a peer average of \$267. CEM also estimates up to 70% of the cost difference can be directly attributed to economy of scale. Therefore, when comparing LACERA to other agencies on a cost basis, this must be taken into consideration.

It should also be noted that CEM does not count inactive membership in the totals. Likewise, LACERA has not traditionally included inactive members in most of our membership numbers that we report (except in our CAFR). The historical thought process – which mirrors CEM’s justification – is that inactive members are generally not due a benefit and have little to no costs. However, that assumption is no longer valid, and hasn’t been from LACERA’s perspective for at least the last 3-5 years. Inactive members with funds on deposit, or who are members of Plan E, are eligible for a benefit upon reaching age 70 or 72 depending on their date of birth. So, while minimal maintenance is performed after they leave the County service, it does ramp up as member’s approach age 70 or 72 as we spend resources and time on locating members, notifying them of required minimum distribution rules imposed by CERL and the IRS, and eventually retiring them.

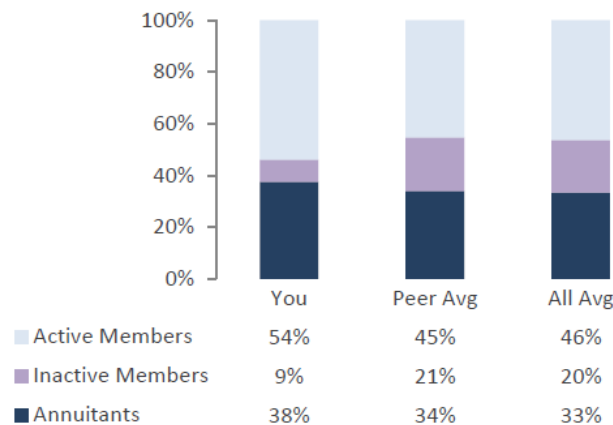
- LACERA operates within a high-cost environment, Los Angeles County, accounting for 13% higher costs than our peer average.



NOTE: LACERA has not dived deep into the cost environment analysis methodology that CEM uses. There are some concerns that the rankings appear incongruent with expectations given what we know of salary and real estate costs alone. It may be that LACERA ranks higher on this cost analysis index than what CEM shows. In any event, we all agree that LACERA's economic environment is more costly than most of our peers and that has to be considered when comparing costs.

- LACERA has a higher cost membership mix when compared to our peers. Looking at the percentage of members, our active and retired members make up a higher percentage of our membership when compared to our peers.

### Membership Mix



Active members are the costliest members as they drive more interactions involving people and resources. Much of the costs for active members are related to the period near retirement. This is where LACERA's commitment to high-touch

service differentiates us from our peers – including higher costs. In addition, LACERA has much higher costs than our peers in relation to processing disability applications. Our annual costs related to processing disability applications were 15% of our total administrative costs measured by CEM, vs. and average of 4.3% for our peers in 2020. We can also expect to see high costs related to Board of Investment initiatives to move to an active asset investor.

Retired members do not generally drive a lot of interactions until they pass away and then transitioning survivors to being on payroll or paying out death benefits can also be costly in terms of resources.

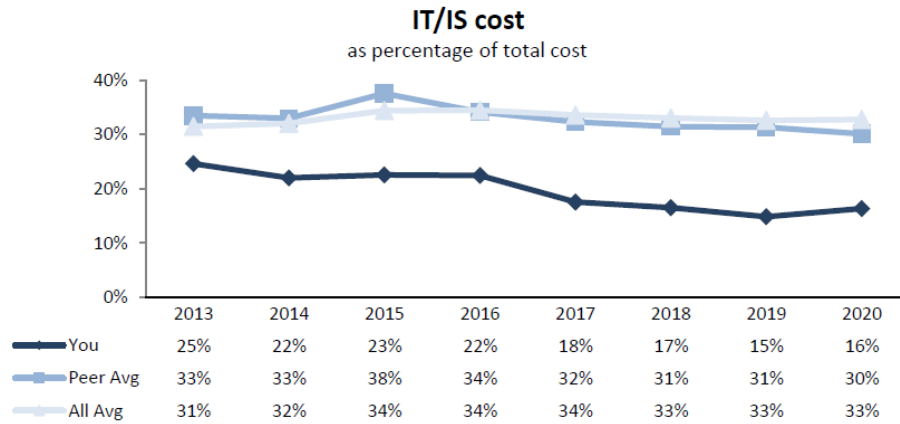
- LACERA spends more staff time and resources providing personal attention to its members, a customer service strategy to which LACERA has historically been firmly committed. The charts on Transaction Volumes 6-7 of the CEM report shows a comparison of our system against our peers in transactions per thousand members illuminates the differences. Note we are in top percentile for calls, emails, mail, presentations (workshops), and the absolute leader in one-on-one counseling.

LACERA’s commitment to high-touch service is evident in our average call time and after work time in relation to our peers:

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
41 If available, what was the:													
a) Average talk time? [Do not include: hold or queuing time prior to a member reaching a knowledgeable person, or hold time after a member has reached a knowledgeable person.]	446	398	387	510	311	206	313	15	572	315	145	322	47
b) Average after call work time when service representative is unavailable to take another call?	205	213	243	205	64	5	83	12	240	70	0	95	41
c) Average occupancy %? [time spent handling calls, including after call work, as a percentage of total available time to answer calls.]	78.0%	73.7%	76.0%	92.9%	76.1%	60.0%	73.8%	11	97.5%	76.1%	0.0%	72.0%	41

LACERA tracks talk time, but we do not limit the amount of time a Specialist can spend on a phone with a member. Our goal is to provide the same level of counseling through our Call Center as a member receives when they visit us one on one. However, management recognizes that we can improve on these numbers with increased automation and a more robust knowledge management system. Both on-going goals represented in our past strategic plans and the CEO’s 100 Day Report.

- LACERA is lagging relative to its larger peers in its adoption of self-service technology and IT spending. From a cost perspective, we spend 16.4% of our budget on IT costs, compared to our peers who spend an aggregate of 30.7% on average between IT administrative costs and IT major projects.



This lower investment in IT has contributed to our high, long term FTE related costs. LACERA’s commitment to IT modernization and the various projects we have in play such as case management, Automated Payment, Budget Software, and the eventual replacement of our mainframe will all contribute to increased “back office” automation and improved efficiently and self-service for members that will over time reduce long term FTE costs. While we will see an increase in costs today, they should translate to a much more controlled budget in the future.

LACERA serves a steadily growing membership, which is reflective of a community with continuously expanding public service needs. Data from our new metrics project indicates that between 2016 and 2020 LACERA has experienced a net growth of 5,848 members (the most service intensive and high-cost members). Our retiree population and our survivor population have also continued to show net increase over the same period.



- LACERA’s plan design is complex relative to the resources employed to administer it.

There are additional factors which are not directly addressed in the CEM benchmarking report, but which heavily impact LACERA's customer service performance and cost-effectiveness.

- Historically, LACERA's business model relied upon an in-house full-service technology and Systems Development strategy. LACERA's proprietary system offers many advantages such as the flexibility to develop programs that are customized to our interpretation of CERL, business priorities, and the flexibility to set development priorities. It also allows LACERA to quickly react to emergencies and legislative actions. LACERA acknowledges this flexibility comes at a human capital cost that contributes to our overall high-cost rating, but the advantages are significant.
- LACERA has historically been risk-averse with respect to the adoption of new technologies, citing security and operational risks as reasons for not committing to the new technology. Unfortunately, this approach has also delayed the associated productivity, efficiency, quality gains, and member service satisfactions associated with new technology. LACERA current commitment to risk mitigation policies and prudent security protocols are designed to create a balance approached to adopting innovative technological solutions while ensuring our historical commitment to security.
- Although LACERA and its plan sponsor, Los Angeles County, have worked together to make advances in addressing data sharing issues, throughout the years we have experienced data and process integrity issues. Detecting and correcting these issues are tedious and costly given the tools historically available to LACERA's staff, despite LACERA's conscientious efforts throughout the years. As a result, LACERA has had to establish exhaustive manual quality control and auditing practices, as well as a disproportionately expensive and contentious account settlement program (i.e. Collections). This has also contributed to LACERA's high administrative costs.
- As an outgrowth of the data collection issues and legacy issues caused by our conversion from paper files to computerized files in the 1990's we have data quality issues for our more senior active members. A few years ago, we took our first tentative steps to addressing this problem by tagging all of our digital microfiche to specific member's account. The next step in that plan is to devote resources scrubbing the data so that automated processing is possible. These legacy data issues increase costs as staff members must review a member's account and resolve outstanding issues when processing. Ultimately, our goal is creating a process that will certify an account as clean so that it can allow automatic data processing.



### **Asking and Answering Hard Questions**

Over the last year, LACERA's management team has been engaged in an earnest and honest dialogue to understand LACERA's history and current state, its strategic trajectory and pace of progress, and its most promising future options. We realize we are at an inflection point that requires us to rethink old paradigms and strategies and make bold changes that are designed to continue to ensure our ability to provide safe and secure, high touch service to our members, but in a more efficient and varied manner.

During the development of the CEO's 100 Day Report to the Boards of Retirement and Investments, shared with the Trustees in April of 2020, we had several discussions about our challenges and opportunities. Among these discussions were the need to increase our ability to automate transactions both for members and for staff. Automating transactions allows for more self-service for a new generation accustomed to these abilities in all facets of their life from online shopping to complex financial transactions in banking and investments. Automation also allows LACERA's staff to work more efficiently, with higher quality, and drastically improved service levels. Increased automation, over time, will lead to a slower increase or one day a reduction (through attrition) in FTE costs.

Having those honest and frank discussions, energized the management staff to focus on our future and what we can be capable of doing. Since that report was issued, we have been further motivated to evolve quickly as we learned to adapt to the COVID-19 Pandemic. The pandemic was clearly a wake-up call and a validation of the discussions we had been having as part of the development of the 100 Day Report. The pandemic clearly demonstrated that our former state, and we chose to use the term "former" because we have already begun to innovate and advance, was not a sustainable state. The most basic of activities such as mailing documents to members or ingesting documents sent through the mail to LACERA, or processing a retirement election, or even providing purchase contracts to members became extremely complex hurdles to providing service to members.

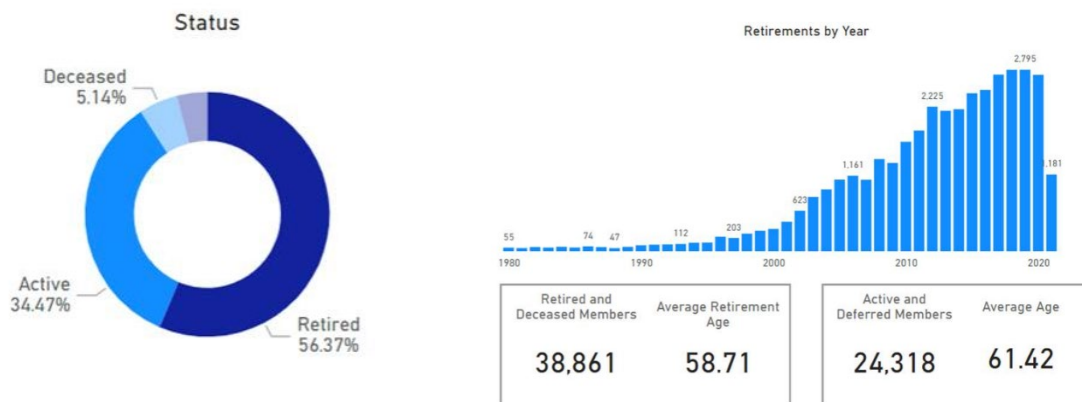
The CEM Benchmarking Report provides a validation of many of these discussions and observations about our challenges. In reviewing the report management would like to share these specific observations:

- LACERA's evolutionary pace, with respect to technology and workforce optimization, is risk-averse and incremental in nature. However, in some respects, LACERA has traded one form of risk for another. We do not offer the level of self-service that our peers offer. Additionally, LACERA requires more FTE per 1,000 members, largely in part due to the manual nature of the work that goes on behind the scenes to support the service and administrative activities of the fund.
- LACERA's cost trend is tied to its business model, which relies on manual

intervention in otherwise automated processes. As previously discussed, much of this intervention is necessitated by legacy data integrity issues and partially implemented automation. Consequently, as the volume and complexity of LACERA’s transactions have increased over time, the number of staff required to complete those transactions invariably rises as well. Under this business model, technology can help improve staff productivity, but at LACERA’s historic pace of progress, these productivity gains tended to be outpaced by the volume and complexity increases that tended to drive up costs.

- LACERA is considered more complex than most of our peers in our group. In the past we have attributed our complexity to the number of plans that LACERA supports. But a deeper dive into the data indicates that it is not necessarily the number of plans, but the number options and rules that we have in place. Not specifically noted in the report, but a good example would be our complex collection rules for underpaid contributions.
- LACERA’s active membership is higher than our peers on average, which as discussed earlier, account for more activity than retired members. The last few years we have seen a steadily increasing number of retirements as we move through the Baby Boomer generations which are at retirement age. The two charts below (from our own internal demographic data) paint the picture that we may have seen the crest of the Baby Boomer wave, with just about 34.5% of this generation left in active service:

Percentage of Baby Boomers by Status  
 (as of April 14, 2021)



The remaining baby boomers are waiting longer to retire (the average age of the remaining active and deferred members is 61). In the short run, we can reasonably anticipate a sustained sea level rise in the volume of retirements and new membership transactions. In the long run, all else being equal, we can anticipate

greater complexity and staff time invested in member transaction because more of those who retire will be PEPRA members, whose retirement calculations have proven to take more than double the time to complete compared to legacy members (unless we can make significant advancements in resolving data issues with the County).

**How Do We Move Forward?**

The LACERA management team recognizes if we are to move forward, improve the level of service we provide to our member, improve our efficiencies to minimize costs without sacrificing the high level of service we know our members deserve, we need to innovate, automate, and work smarter. But to move forward you must have a vision for what the future looks like.

During the development of the CEO’s 100 Day Report, the team, in partnership with the CEO, developed several aspirational scenarios to visualize where we want to go. Those scenarios include the following:

<p><b><i>Hypothetical Scenario 1 – High tech/member self-service.</i></b></p>	<p>Baby Boomer Harvey is 60 and has worked for Los Angeles County for 29 years 11 months and plans on retiring. He goes online, pulls up his profile, and completes his retirement and healthcare benefits application online. He receives an email confirmation of LACERA’s receipt of his application. Three days later, he receives email approval of his application.</p> <p>The same automated process can be applied to retiree healthcare enrollment, disability application filings, and many more interactions. All done securely and safely from a member’s office or couch.</p>
<p><b><i>Hypothetical Scenario 2 – High tech.</i></b></p>	<p>Gen X Joe wants to know his optimal retirement age. He enjoys checking his LACERA phone app on his birthday every year to see what his estimated retirement benefits will be if he retires at age 55, 60, or 65.</p>
<p><b><i>Hypothetical Scenario 3 – High tech</i></b></p>	<p>Jardine, a LACERA benefits specialist, drops off her kids at school and goes to a nearby LACERA satellite office, housed off the lobby in the Los Angeles County Public Library headquarters in Downey. Eva, a Los Angeles County employee, meets with Jardine. Jardine reviews Eva’s online case file and lets her know that she’s eligible for retirement. Eva says that she enjoys working but has two ailing parents in her care. Jardine offers to email her a list of scheduled Retirement University courses with scheduled in-person and online sessions. Eva says she has attended those sessions in the past. Jardine talks to her for a while about her situation. Eva believes the conversation has helped. Jardine offers to set up a follow-up counseling session by phone, video chat, or in person. Eva decides she wants a video chat, so Jardine sets up the appointment with her. Eva receives from LACERA an Outlook confirmation of the scheduled appointment. Eva meets via video chat with Jardine and, feeling more comfortable with her choices, decides that she will retire.</p>

<p><b>Hypothetical Scenario 4 – High tech/high touch.</b></p>	<p>Fred, a LACERA benefits specialist, works from his home office and reviews three screens on his desk with files from different data bases. He opens up LACERA’s Case Management System (CMS) to work on Sheila’s more complex retirement application. The artificial intelligence features in CMS automatically calculate Sheila’s benefits, taking into consideration her work interruption periods and pre-tax contributions to the fund. Fred reviews the new calculations and schedules a call with a Member Services Specialist Joe to counsel Sheila on her retirement eligibility. Joe calls Sheila within 24 hours and tells her how to go online to review the information. Sheila says that she has limited access to the Internet at work, so he offers to email her the information. Sheila thanks Joe for the update.</p>
<p><b>Hypothetical Scenario 5 – High touch/high tech.</b></p>	<p>Carlos is 45 years old and has worked for SCAQMD for 15 years and before that for the City of Los Angeles for 5 years. He wants to know whether his employment time in Long Beach will count toward his retirement. He calls LACERA and talks with Bridgette, a LACERA member services representative, who works out of her home office. She discusses the reciprocity policy with the City of Los Angeles. She sees that some information is missing about his work history. She updates his profile and coaches him on how he can use the online portal or LACERA smartphone application in the future.</p>
<p><b>Hypothetical Scenario 6 – IT and operations collaboration.</b></p>	<p>Ricardo in Member Services has noticed an uptick in the number of members who want to talk about the impact of COVID-19 on their lives. He comes up with an idea to better track members’ concerns after an emergency or disaster; however, his idea requires adding a code to a list that tracks member’s calls by type. He develops a list of categories for emergency- or disaster-related concerns. He discusses his idea with his Division Manager Tami who likes the idea. They send a request to IT. IT discusses the request with Tami and Ricardo and suggests they allow the Division Manager to add or delete call-type codes so LACERA can be more responsive with a streamlined process. They all agree, and IT implements a change to the system that allows the Division Manager to make changes, and includes a new field based on Ricardo’s idea. This business solution allows a Specialist to add a call type under “Other,” that is not already included in the list, within 24 hours. Tami has Ricardo share the enhancement with the Member Services employees – a form of training. Member Services employees are pleased with the new feature.</p>
<p><b>Hypothetical Scenario 7 – High tech/staff meetings.</b></p>	<p>Marge, a LACERA manager, holds her weekly staff meetings with her 5 team members, working at different remote locations. Their faces appear on the screen. She reviews the agenda. She asks Larry to present the latest draft of the member newsletter. Larry thanks the team for submitting their revisions via the online shared folder. He projects the current draft on the screen for the team. The team discusses it and make some minor adjustments. Larry makes the fixes on the screen. Everyone agrees on the final product. After the meeting, Larry distributes the promotional piece to LACERA’s 174,000 members via an online service, such as Constant Contact.</p>

<p><b><i>Hypothetical Scenario 8 – High tech/hot spot.</i></b></p>	<p>A major fire breaks out in the Angeles National Forest. Because of 60 mph winds, the fire has burned south and crossed East Washington Boulevard in north Pasadena. The City of Pasadena has issued evacuation orders for all homes and businesses north of the 210 and requests that no commuters come into the Pasadena commercial area. LACERA activates its BCP. Most of LACERA's IT infrastructure lives securely and safely in the Cloud and the team recognizes there is minimal impact to LACERA's ability to carry out its duties. LACERA employees automatically receive text messages to remain safe and work from home or at LACERA's listed safe satellite locations. Lucille, a LACERA employee who lives in Woodland Hills, receives the text, and hits the embedded link to confirm that she received the text and is all right. She retrieves LACERA's BCP online. It was last updated 2 weeks earlier. She reviews the check lists and contacts her team to confirm that they are all right. Herman has evacuated his home in Altadena and is in the process of taking his family to some friends' house in Echo Park. Lucille offers to take over his shift so he can tend to his family needs.</p>
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<p><b><i>Hypothetical Scenario 9 – Member and employee communications.</i></b></p>	<p>Two days ago, the Los Angeles region had a magnitude 7.2 earthquake with the epicenter in Pasadena at 4:00 a.m. LACERA activated its BCP. Since a majority of LACERA's IT functionality lives safely and securely in the Cloud there is no interruption to service. LACERA's communications team had already designed templates and built databases for different kinds of communications: member monthly e-Newsletters, employee monthly e-Newsletters, employee texts, social media (e.g., Facebook, Twitter, Instagram, LinkedIn), and alert broadcasts. The communication team prepares text for a special Member e-Newsletter to calm members about any concerns they may have about their retirement benefits and to share tips about what to do in the aftermath of the earthquake to stay safe. The CEO and Executive Team's review the text and approve it that day. The communications team sends the special Member e-Newsletter out via email to all members.</p> <p>The communications team sends a pre-approved link for tips on how to work effectively in satellite locations or from home. The communication team drafts a text message, thanking employees for their responsiveness, which the Executive Team approves immediately. The communication team also prepares its monthly employee e-Newsletter with human interest stories of emergency response efforts at LACERA, as another means to recognize the hard efforts of all.</p>
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<p><b><i>Hypothetical Scenario 10 – Artificial Intelligence Makes Service Seamless and efficient</i></b></p>	<p>Retired member Luke is notified by Retiree Healthcare that it's time to submit his annual verification of Part B Medicare costs. Luke visits the My LACERA secure member portal and uploads his letter from the Social Security Administration. LACERA's scanning system employs artificial intelligence to "read" the letter and identify the information we need. The system then populates the appropriate fields within our customer management system. An automated letter confirmation letter is sent to the member and his reimbursement shows up correctly on his next benefit check.</p>
--	--

Figuratively speaking, LACERA is already following its “North Star” vision towards a promising future of dramatically improved efficiency and effectiveness. The CEM Benchmarking Report validates the wisdom of this vision in terms of both costs and service.

The good news is that, through the support of the trustees who have approved past strategic plans and budgets, we have slowly been laying the groundwork for this new future. Over the years, LACERA has laid the foundation for this new strategy, through initiatives like:

- Transitioning to more sustainable and current technology, such as cloud computing and distributed computing, while adapting the Systems workforce to manage it effectively.
- Adopting workforce optimization tools and technology, such as document imaging and the workflow process control, real-time processing in Workspace, and self-service options in LACERA’s Web portal, re-designing lacera.com, and new initiatives such as case management, budget software, and automated payment systems.
- Establishing functions that promote and maintain a more accurate, productive, and reliable workforce, such as the Quality Assurance and Metrics Group, the Core Benefits Training Program, the Process Management Group, Member Service’s Quality Control Team, and System’s Project Management Team.

While we have laid the foundation, staff firmly believes that LACERA’s best option for the future lies in a firm ongoing commitment to a new sustainable business model, wherein LACERA transitions more rapidly to automated solutions, such as case management workforce optimization and highly automated self-service technology. These services can then be delivered to our membership through an omnichannel approach – the same high level of service across all channels such as online, call center, email, secure messaging, written letters, and in-person service in our Member Service Center.

In addition to automation, we also recognize that we have to find ways to innovate and work smarter and more efficiently. As we develop our ability to generate metrics, we need to have a commitment to continually evaluating technology, processes, quality, and the member experience to identify areas for improvement. As we identify these areas, we need to employ new methods of systemic evaluation of ideas, employ data driven decision making, and develop clear project plans that identify specific goals, resources, costs, and future cost savings or service gains to justify these projects.

We also recognize that the answer to improving service is not always adding staff. Additional staffing will be needed in the short term. They are needed to span the gap

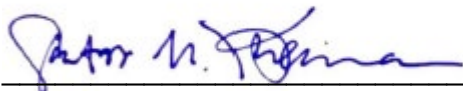
during the period LACERA needs to develop the essential infrastructure to perform most of this through automation – both in the “back office” and in member self-service. We must invest now to mitigate service demands insupportable with our current capacity to meet them. We recognize there has been some concerns expressed about adding new staff for short term gain, however the current high cost of taking on additional staff to process member service requests timely will be mitigated by future staff attrition through retirement.

What LACERA now needs is a willingness to build momentum and commit to an audacious plan that will keep us on course despite the constant headwinds of growing complexity and the turbulence of rising workloads. As we begin our strategic planning journey in the next few months, we will take our current progress, our aspirational vision, and data driven metrics developed internally and provided by CEM into account so that we can realize an efficient, cost effective system while maintaining the high service levels we have promised our members.

JJ:BB

Attachment

Reviewed and Approved:



---

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Ricki Contreras, Division Manager, Disability Retirement Services  
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## BenchmarkAdmin

### 2020 Benchmarking Analysis for Los Angeles County Employees Retirement Association

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# 1

## Executive Summary

This section contains:

- A list of CEM's global participants
- Your custom peer group
- Your service levels relative to your peers
- Service trends over 8 years
- Comparisons of your cost to those of your peers
- The impact of cost drivers on your relative cost performance

## Key Takeaways:

### Service

- Your total service score was 79. This was above the peer median of 78.
- Your service score increased from 76 to 79 between 2013 and 2020.

Your service score improved primarily because:

- Your call center undesired call outcomes decreased.
- You improved your member experience surveying.
- Your average wait time for pre-scheduled in-house counseling sessions decreased.

### Cost

- Before adjusting for economies of scale, your total pension administration cost of \$406 per active member and annuitant was \$275 above the peer average of \$131. After adjusting your cost was \$243 above the adjusted peer average of \$163.
- Between 2013 and 2020 your total pension administration cost per active member and annuitant increased 4.1% per annum, mainly due to increases in the disability, legal and call center activities.

## 72 leading global pension systems participate in the benchmarking service.

### Participants

#### United States

Arizona SRS  
CalPERS  
CalSTRS  
Colorado PERA  
Delaware PERS  
Florida RS  
Idaho PERS  
Illinois MRF  
Indiana PRS  
Iowa PERS  
KPERs  
LACERA  
Maryland SRPS  
Michigan ORS  
Minnesota State RS  
Nevada PERS  
North Carolina RS  
NYC ERS  
NYC TRS  
NYSLRS  
Ohio PERS  
Oregon PERS  
Pennsylvania PSERS

PERS of Mississippi  
PSRS PEERS of Missouri  
South Carolina RS  
STRS Ohio  
TRS Illinois  
TRS Louisiana  
TRS of Texas  
Utah RS  
Virginia RS  
Washington State DRS  
Wisconsin DETF

#### Canada

Alberta Teachers RS  
Alberta Pension System  
BC Pension Corporation  
Canadian Forces PP  
Federal Public Service PP  
LAPP of Alberta  
Ontario Pension Board  
Ontario Teachers  
OPTrust  
RCMP  
Saskatchewan HEPP

#### The Netherlands\*

ABN Amro PF  
ABP  
bpfBOUW  
BPF Levensmiddelen  
BPL Pensioen  
Metaal en Techniek  
PF PWRI  
PF Vervoer  
PFZW  
Rabobank PF  
Shell PF

#### South Africa

EPPF

#### United Kingdom\*

BSA NHS Pensions  
BT Pension Scheme  
Greater Manchester PF  
Local Pensions Partnership  
Lothian PF  
Merseyside PF  
Pension Protection Fund  
Principal Civil Service  
Royal Mail Pensions  
South Yorkshire PF  
Teachers' Pensions  
Tyne & Wear PF  
Universities Superannuation  
West Midlands Metro  
West Yorkshire PF

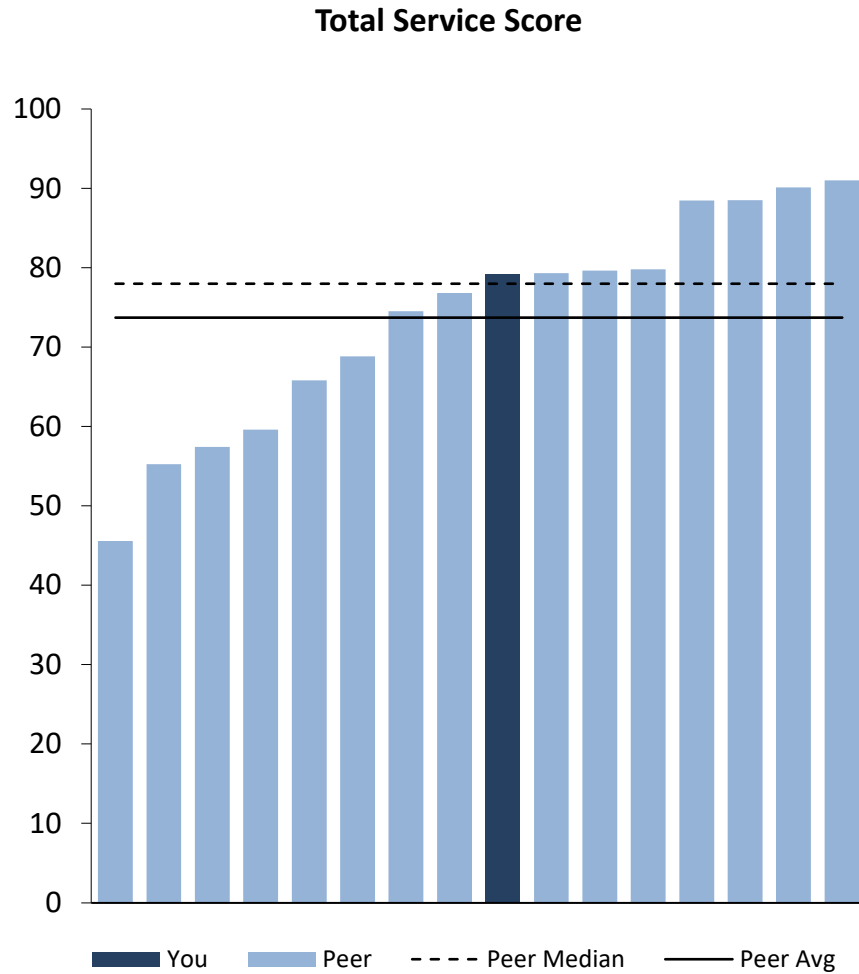
\* Systems in the UK and most systems in the Netherlands complete different benchmarking surveys and hence your analysis does not include their results.

## The custom peer group for LACERA consists of the following 16 peers:

Custom Peer Group for LACERA			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuitants	Total
CalPERS	880	735	1,615
CalSTRS	463	312	775
Indiana PRS	252	164	416
Arizona SRS	210	159	369
Maryland SRPS	193	165	358
Oregon PERS	181	155	336
Illinois MRF	178	136	314
Iowa PERS	170	127	297
TRS Illinois	163	126	289
PERS of Mississippi	153	113	266
PSRS PEERS of Missouri	129	98	227
NYC TRS	129	93	222
<b>LACERA</b>	<b>100</b>	<b>70</b>	<b>170</b>
Idaho PERS	74	50	124
Minnesota State RS	58	49	107
Delaware PERS	46	34	79
Peer Median	167	126	293
Peer Average	211	162	373

Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than either active members or annuitants.

## Your total service score was 79. This was above the peer median of 78.



Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Service Scores by Activity			
Activity	Weight	You	Peer Median
<b>1. Member Transactions</b>			
Pension Payments	10.4%	100	100
Pension Inceptions	7.7%	98	86
Refunds, Withdrawals, and Transfers-out	1.4%	95	93
Purchases and Transfers-in	3.2%	16	82
Disability	n/a	n/a	81
<b>2. Member Communication</b>			
Call Center	21.8%	74	66
1-on-1 Counseling	7.7%	85	86
Member Presentations	6.8%	100	100
Written Pension Estimates	4.9%	69	77
Mass Communication			
Website	22.1%	76	75
News and Targeted Communication	2.9%	77	72
Member statements	4.9%	89	88
<b>3. Other</b>			
Member Experience Surveying	5.2%	43	32
Disaster Recovery	1.0%	99	90
<b>Weighted Total Service Score</b>	<b>100%</b>	<b>79</b>	<b>78</b>

## Examples of key service measures included in your Service Score:

Select Key Service Metrics	You 2020	Peer Avg
<u>Member Contacts</u>		
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	7%	11%
• Average total wait time including time negotiating auto attendants, etc.	394 secs	257 secs
<u>Website</u>		
• Can members access their own data in a secure environment?	Yes	81% Yes
• Do you have an online calculator linked to member data?	Yes	75% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	13	13
<u>1-on-1 Counseling and Member Presentations</u>		
• % of your active membership that attended a 1-on-1 counseling session	24.3%	8.2%
• % of your active membership that attended a presentation	4.8%	6.1%
<u>Pension Inceptions</u>		
• What % of annuity pension inceptions are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension	100.0%	85.7%
<u>Member Statements</u>		
• How current is an active member's data in the statements that the member	1.0 mos	2.3 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	81% Yes

## Where can you improve your total service score?

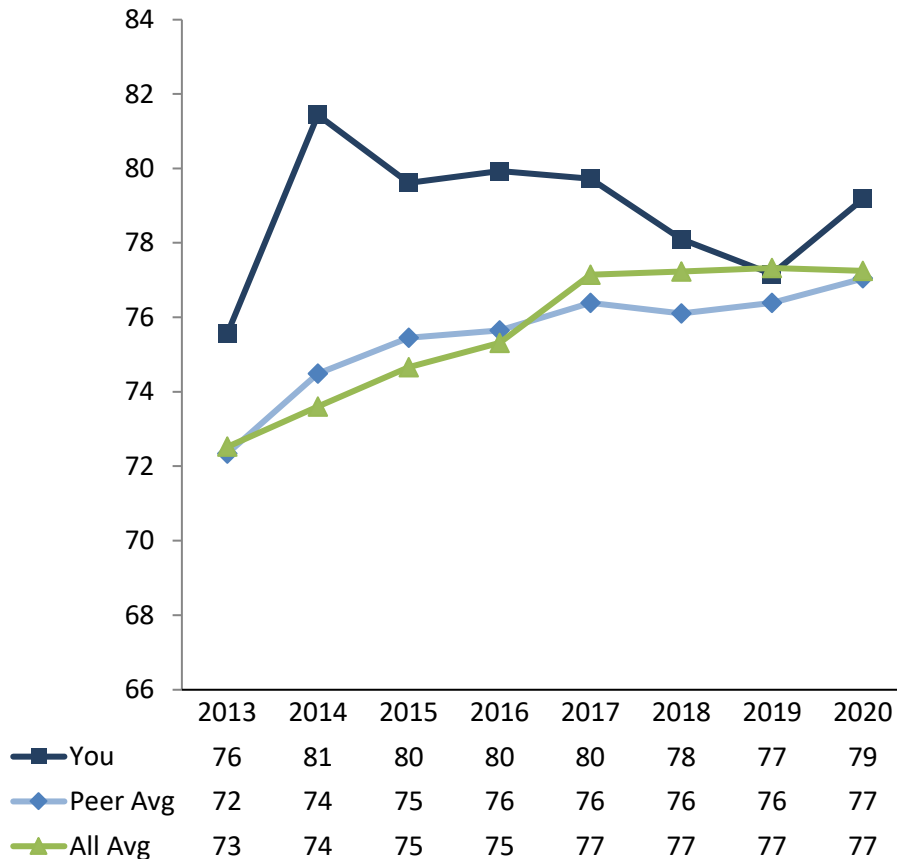
Potential improvements to your total service score	
Factor	Potential Improvement
On average, members calling your call center reach a knowledgeable person in 394 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.	+ 3.9
On average, you provide a service credit purchase in 90 days. To achieve a perfect service score, you must be able to provide a service credit purchase estimate in 1 day or less.	+ 2.6
You provide estimates on average in 60.0 days. To achieve a perfect service score, the weighted average time required to provide written and online estimates must be same day or less.	+ 1.5

CEM is not recommending these changes. Service improvement should be cost effective and important to your members.



## Your service score increased from 76 to 79 between 2013 and 2020.

Trends in Total Service Scores



## Changes that had a positive impact

- Call Outcomes: Your undesired call outcomes, such as abandoned calls in queue or on hold or getting a busy signal decreased from 20% in 2013 to 7% in 2020.
- Member experience surveying: You have begun surveying your members around life events such as starting / leaving the pension, retirement and you are collecting satisfaction/Net Promoter Scores.
- 1-on-1 Counseling: Your average wait time for pre-scheduled in-house counseling sessions decreased from 21 days in 2013 to 7 days in 2020.

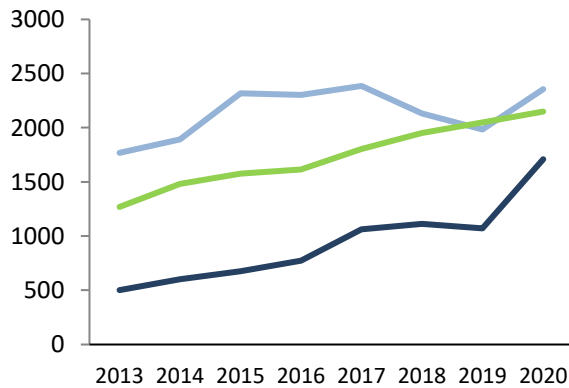
Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 16 peers and 38 of the 50 systems in the universe).

Historic scores have been restated to reflect changes in methodology. Therefore, your historic service scores may differ from previous reports.

# Overall, traditional transaction volumes for the global universe are decreasing and digital volumes are increasing:

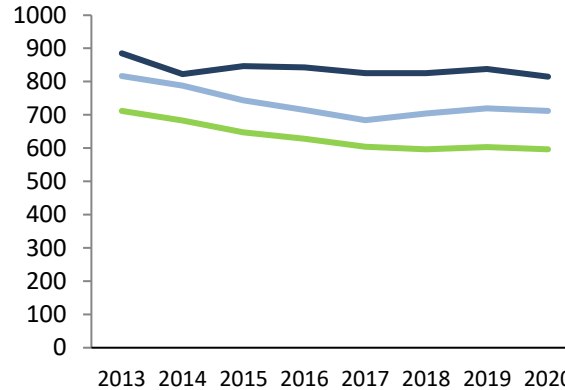
## Website - Total Secure Area Visits

per 1,000 active members and annuitants



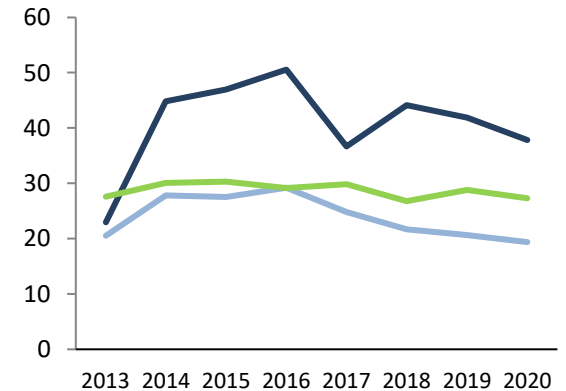
## Incoming Calls and Emails

per 1,000 active members and annuitants



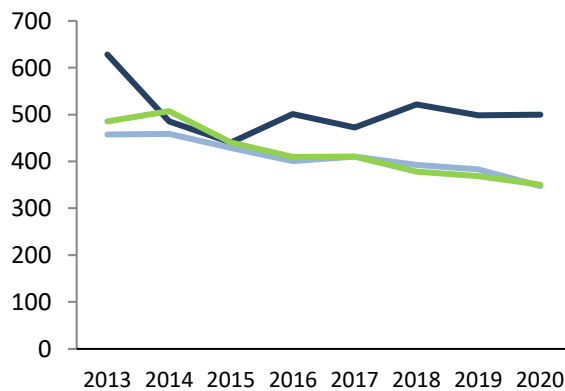
## Written Estimates

per 1,000 active members and annuitants



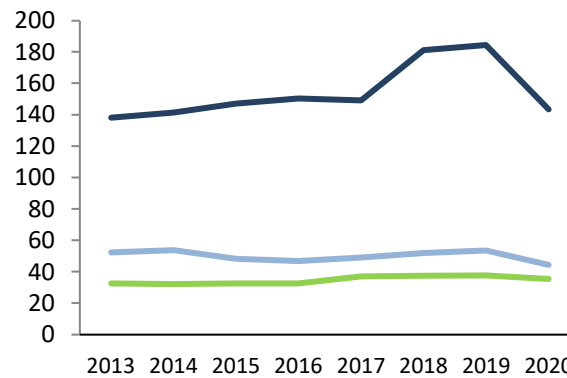
## Incoming Mail

per 1,000 active members and annuitants



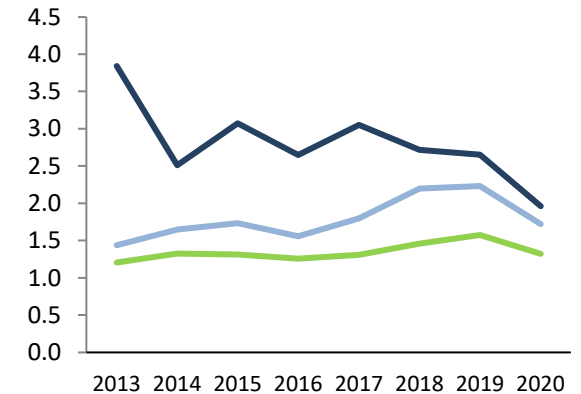
## Members Counseled 1-on-1

per 1,000 active members and annuitants



## Member Presentations

per 1,000 active members and annuitants

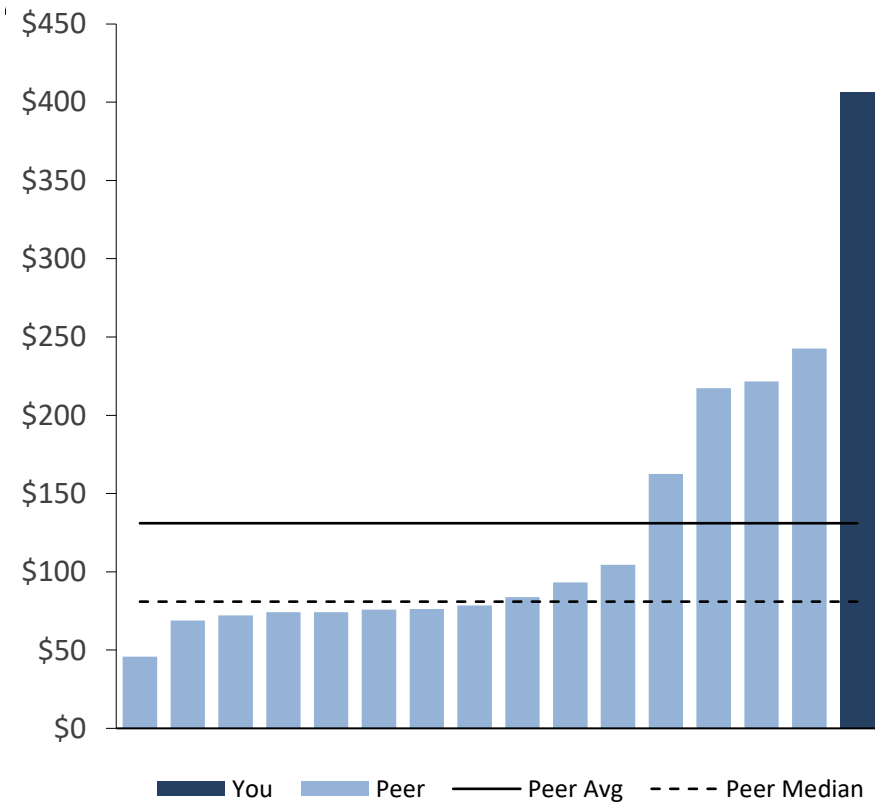


— You — Peer Avg — All Avg

Trend analysis is based on 38 systems that have provided 8 consecutive years of data.

Before adjusting for economies of scale, your total pension administration cost of \$406 per active member and annuitant was \$275 above the peer average of \$131.

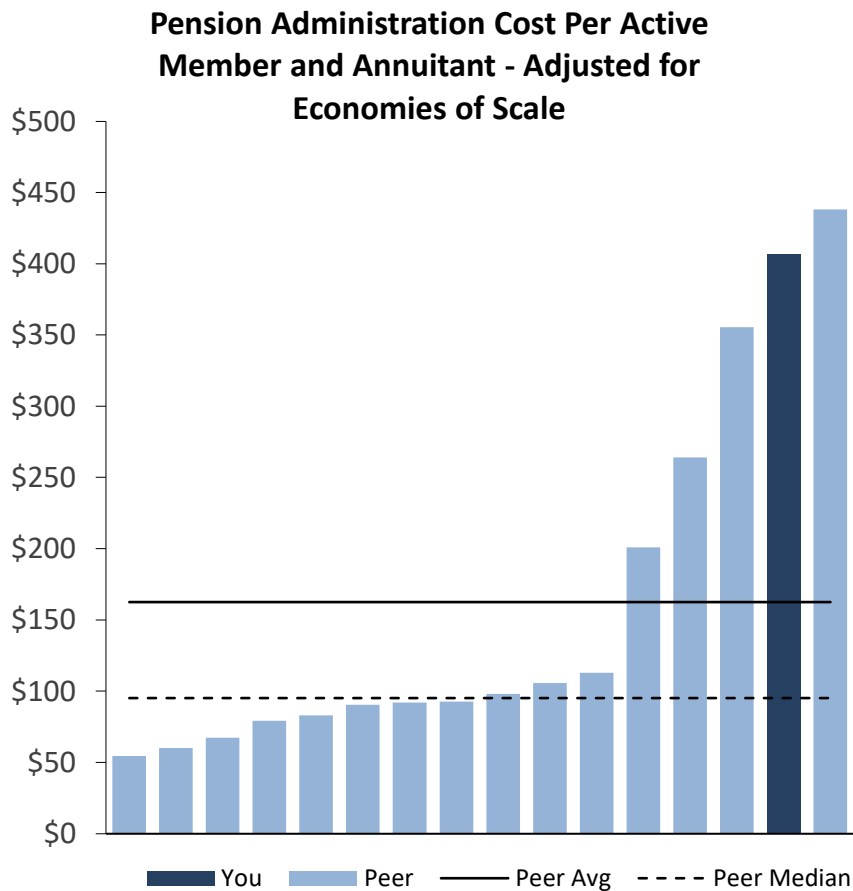
**Pension Administration Cost Per Active Member and Annuitant - Unadjusted**



Category	\$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
<u>Front office</u>			
Member Transactions	17,722	104	19
Member Communication	14,307	84	23
Collections & Data Maintenance	1,736	10	8
<u>Governance and support</u>			
Governance and Financial Control	4,650	27	11
Major Projects	0	0	14
Information Technology	11,303	67	27
Building	4,385	26	9
HR	3,006	18	3
Actuarial	0	0	2
Legal	6,277	37	5
Audit	4,555	27	4
Other Support Services	1,074	6	6
<b>Total Pension Administration</b>	<b>69,016</b>	<b>406</b>	<b>131</b>

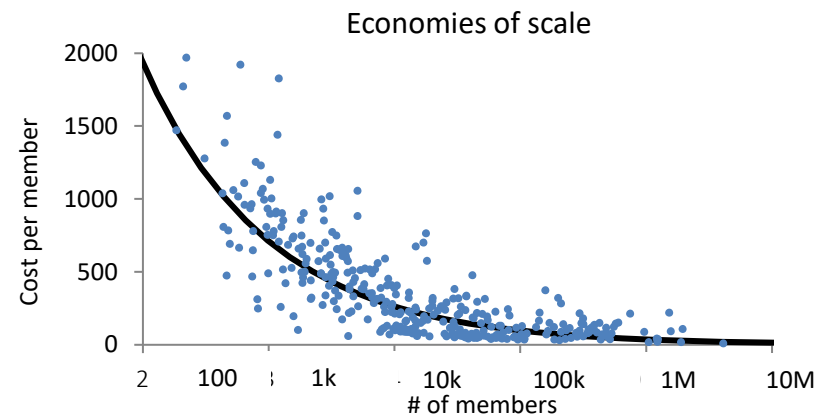
Your total pension administration cost was \$69.0 million. This excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$10.2 million.

**Size matters: you had an economies of scale disadvantage relative to the peer average. After adjusting the cost of each peer for its scale advantage/disadvantage, your cost was \$243 above the adjusted peer average of \$163.**



Your system had 40% fewer members than the peer weighted average. Your smaller size means that you had a scale disadvantage of \$31 relative to the peer average.

The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size.



Each peer's cost was adjusted for its scale advantage/disadvantage relative to your system.

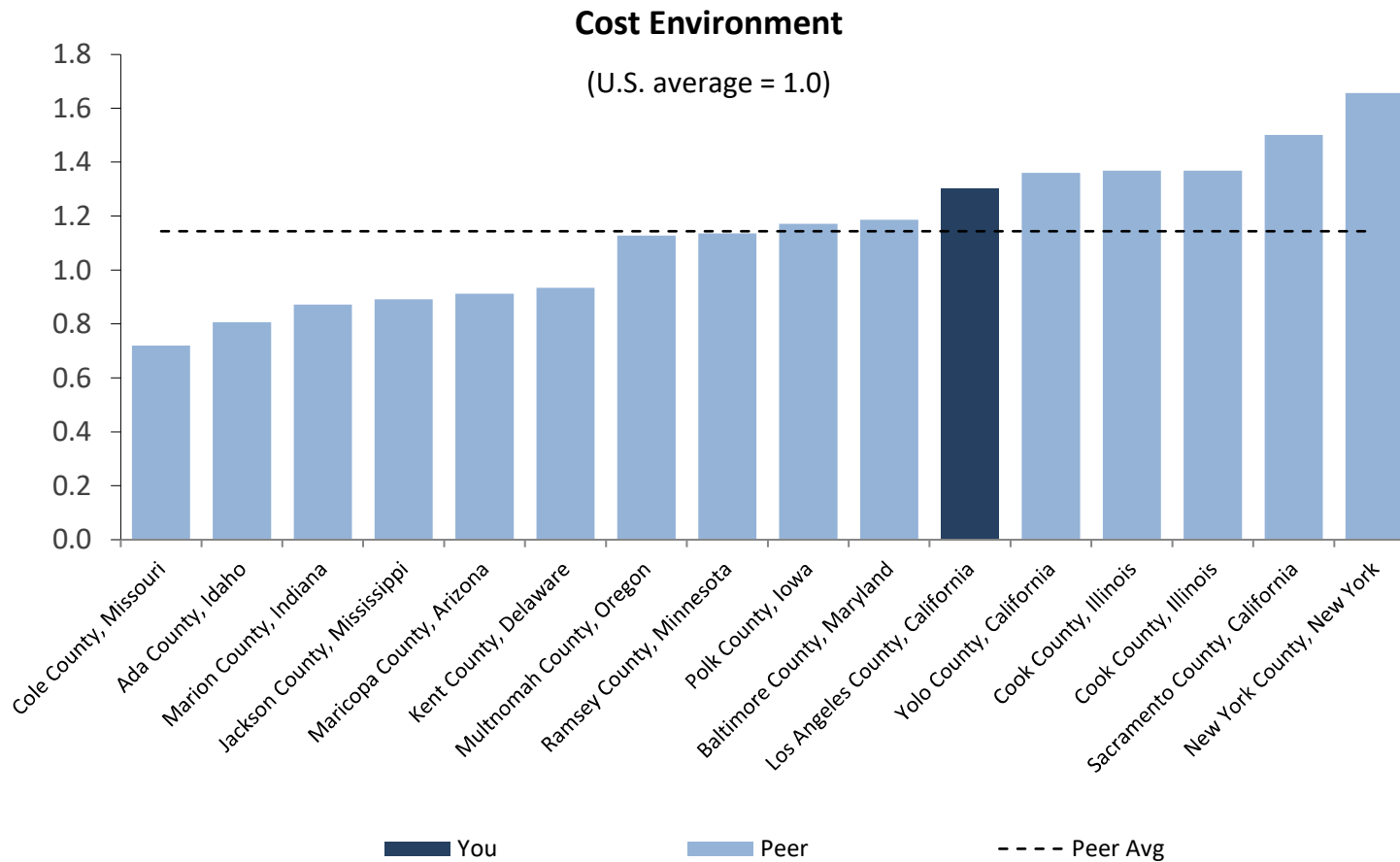
## Reasons why your cost per member was \$243 above the adjusted peer average:

Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 More front-office FTE per 10,000 members	12.8 FTE	4.6 FTE	\$142
2 Higher third party costs per member in the front-office	\$35	\$8	\$27
3 Higher costs per FTE			
Salaries and Benefits	\$143,677	\$102,401	
Building and Utilities	\$14,322	\$12,499	
HR	\$9,819	\$4,608	
IT Desktop, Networks, Telecom	<u>\$20,322</u>	<u>\$13,853</u>	
Total	\$188,140	\$133,361	\$39
4 Higher support costs per member <sup>1</sup>			
Governance and Financial Control	\$34	\$18	
Major Projects	\$0	\$19	
IT Strategy, Database, Applications	\$34	\$25	
Actuarial, Legal, Audit, Other	<u>\$83</u>	<u>\$22</u>	
Total	\$151	\$84	\$67
Total unadjusted			\$275
Adjustment for your scale disadvantage			-\$31
Total after adjusting for economy of scale differences			\$243

1. To avoid double counting, Governance and support costs are adjusted for differences in cost per FTE.

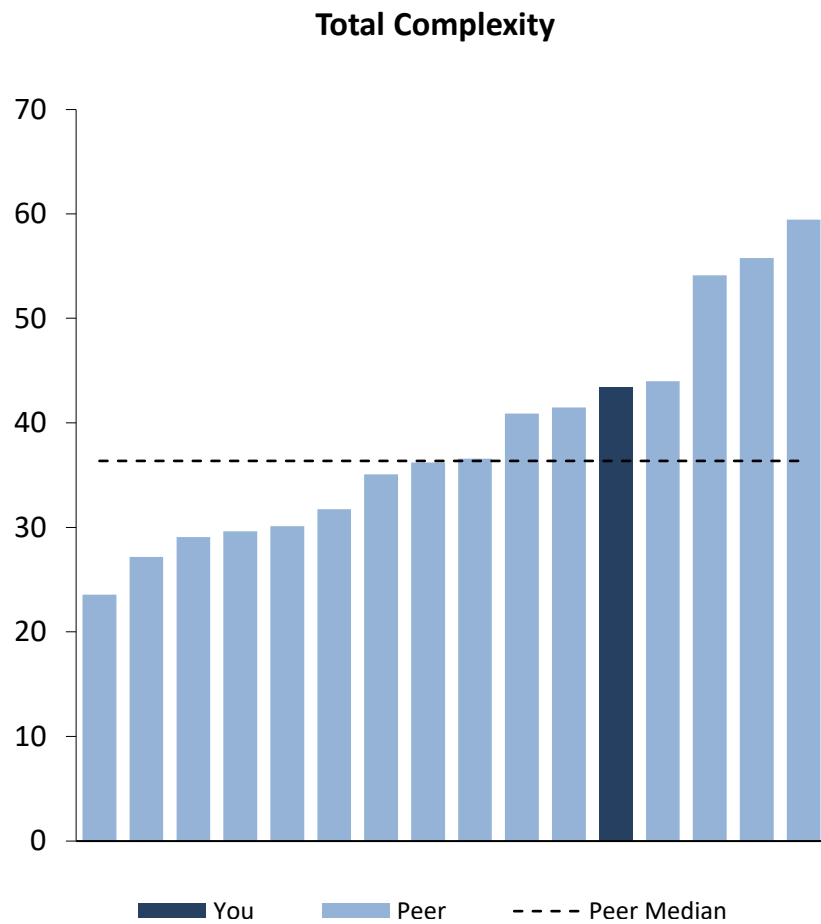
## Cost environment

One cause of differences in 'cost per FTE' is cost environment. Your county had one of the higher cost environments in your peer group.



1. The cost environment is based on Bureau of Labor Statistics data for state government public administration wages within a given geographical area. It is normalized at 1 to be the national average. Source: Bureau of Labor Statistics (<http://www.bls.gov/>)

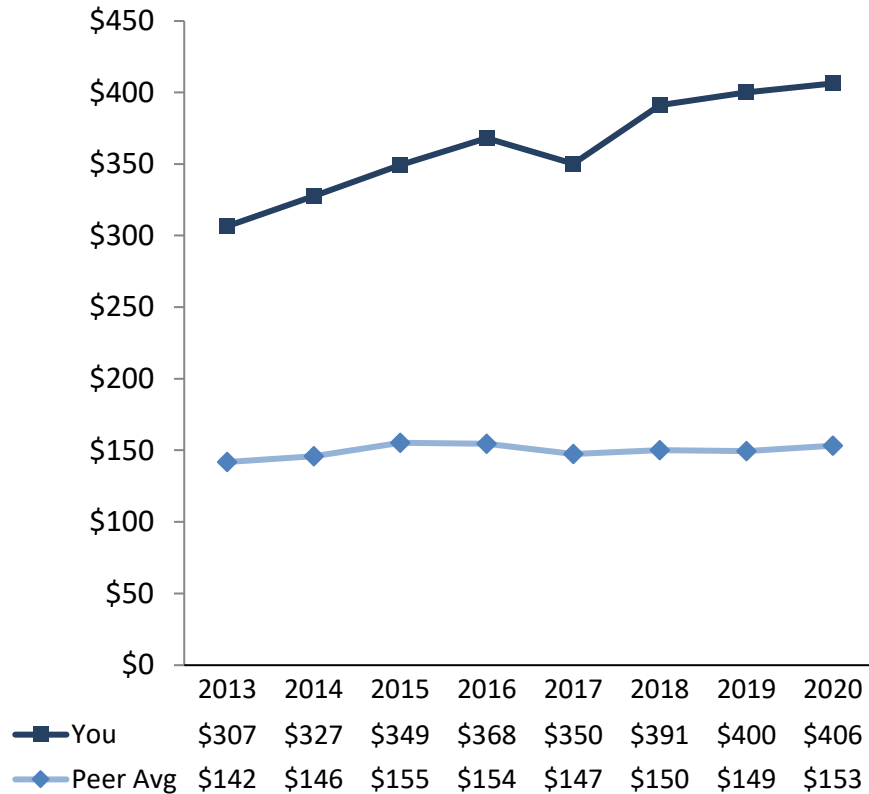
Back-office costs and productivity are impacted by system complexity. Your total complexity score of 43 was above the peer median of 36.



Complexity Score by Cause		
Cause	You	Peer Median
Pension Payment Options	39	38
Customization Choices	20	12
Multiple Plan Types and Overlays	15	18
Multiple Benefit Formula	40	47
External Reciprocity	35	35
COLA Rules	93	19
Contribution Rates	62	38
Variable Compensation	100	100
Service Credit Rules	36	43
Divorce Rules	55	55
Purchase Rules	76	59
Refund Rules	79	44
Disability Rules	67	71
<b>Total Complexity</b>	<b>43</b>	<b>36</b>

# Cost Trends

**Trend in Total Pension Administration Costs**



Between 2013 and 2020:

Your total pension administration cost per active member and annuitant increased 4.1% per annum.

During the same period, the average cost of your peers with 8 consecutive years of data increased 1.1% per annum.

The increases are mainly in the following activities:

- Disability: Your cost per member increased from \$41 to \$61 per member.
- Legal: Your cost increased from \$18 to \$36 per member.
- Call center: Your cost increased from \$13 to \$25 per member.

Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 16 peers).



## Key Takeaways:

### Service

- Your total service score was 79. This was above the peer median of 78.
- Your service score increased from 76 to 79 between 2013 and 2020.

Your service score improved primarily because:

- Your call center undesired call outcomes decreased.
- You improved your member experience surveying.
- Your average wait time for pre-scheduled in-house counseling sessions decreased.

### Cost

- Before adjusting for economies of scale, your total pension administration cost of \$406 per active member and annuitant was \$275 above the peer average of \$131. After adjusting your cost was \$243 above the adjusted peer average of \$163.
- Between 2013 and 2020 your total pension administration cost per active member and annuitant increased 4.1% per annum, mainly due to increases in the disability, legal and call center activities.

# 2

## Peer Characteristics

This section contains:

- Your custom peer group
- A comparison of the characteristics of all participants

## Your peer group consists of 16 peers.

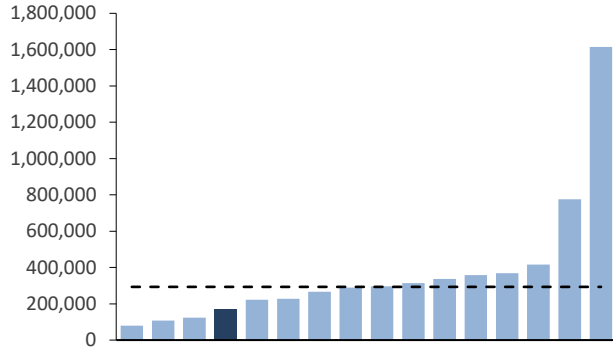
The most relevant comparisons are to systems similar to you in total membership and nationality. Your peer group consists of the following 16 systems:

Custom Peer Group for LACERA			
	Active Members	Annuitants	Total
CalPERS	879,842	735,123	1,614,965
CalSTRS	463,151	311,676	774,827
Indiana PRS	252,286	163,665	415,951
Arizona SRS	210,135	158,964	369,099
Maryland SRPS	193,458	164,892	358,350
Oregon PERS	180,755	155,144	335,899
Illinois MRF	177,823	136,265	314,088
Iowa PERS	170,380	126,600	296,980
TRS Illinois	163,115	125,927	289,042
PERS of Mississippi	153,412	112,530	265,942
PSRS PEERS of Missouri	129,027	97,827	226,854
NYC TRS	129,292	93,082	222,374
LACERA	100,115	69,747	169,862
Idaho PERS	73,854	49,827	123,681
Minnesota State RS	57,541	49,362	106,903
Delaware PERS	45,828	33,632	79,460
Peer Median	166,748	126,264	293,011
Peer Avg	211,251	161,516	372,767

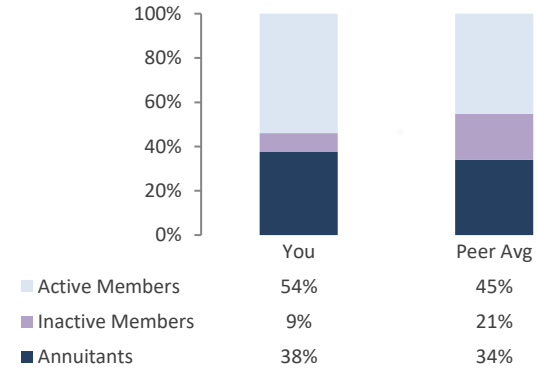
Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded when determining cost per member because they are much less costly to administer than either active members or annuitants.

# Graphical summary of peer characteristics

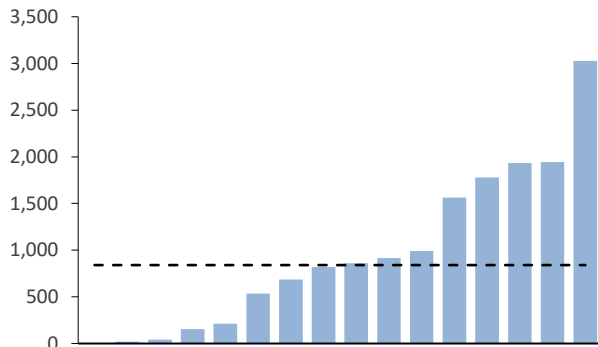
### Active Members and Annuitants



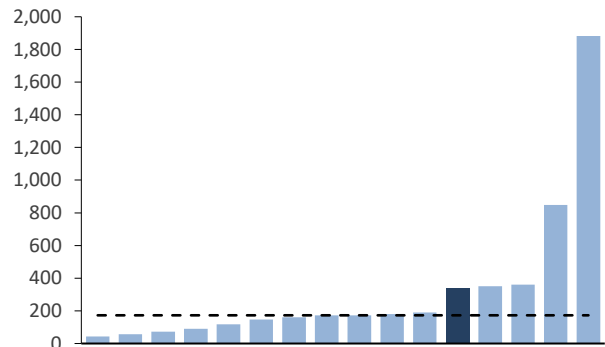
### Membership Mix



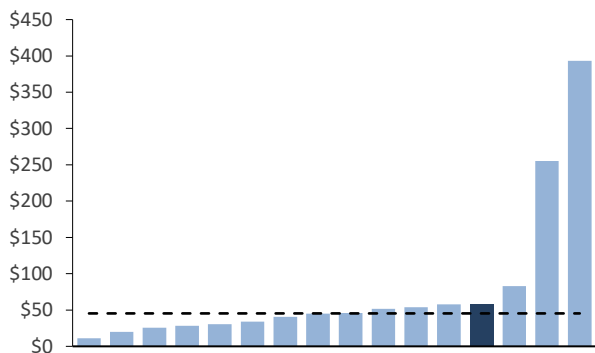
### Number of Employers



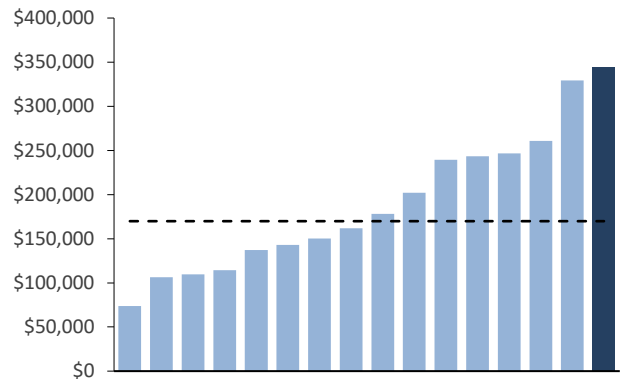
### Pension Administration FTE



### Total Assets in \$ billions



### Total Assets per Active Member and Annuitant



■ You   ■ Peer   - - - Peer Median

## Profiles of the 52 benchmarking participants (excluding UK systems)

Participant	Members by Type (000s)			Member Groups										Plan Types						
	Active Members	Annuitants	Inactive Members	City or County Only	State/ County Employees	Teachers	School	Police and/or Fire	Participating Local Employers	Other (judges etc)	Corporate	Industry	DB	Cash Balance	DB/ Cash Balance	DB/ Money Match	Drop	DC	Hybrid DB/ DC	Administer Retiree Healthcare
<b>Canada</b>																				
Alberta Teachers	42	29	12			X							X							
APS	220	112	52	X	X	X	X	X	X				X							
BC Pension Corporation	347	207	85	X	X	X	X	X	X	X	X	X	X	X	X				X	
Canadian Forces Pension Plans	91	114	8							X			X							
FPSP	332	282	38	X									X							
LAPP	167	72	35	X			X	X	X				X							
OMERS	289	162	45				X	X	X	X	X		X							
Ontario Pension Board	44	39	7	X				X					X							
Ontario Teachers	184	145	64	X	X	X							X							
OPTrust	48	39	9	X								X	X							
RCMP	23	22	1	X				X					X							
SHEPP	37	19	3						X			X	X							
<b>The Netherlands</b>																				
ABP	1,151	911	955									X	X							
PFZW	1,288	487	1,096									X	X							
<b>South Africa</b>																				
EPPF	42	33	2								X		X							

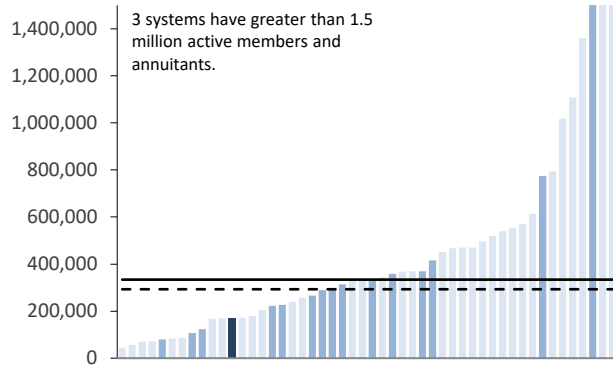
# Profiles of the 52 benchmarking participants

continued

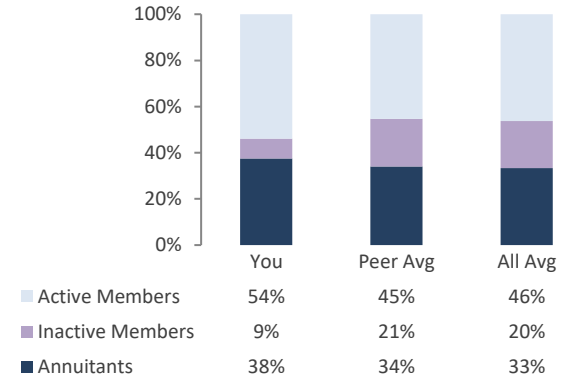
Participant	Members by Type (000s)			Member Groups								Plan Types								
	Active Members	Annuitants	Inactive Members	City or County Only	State/ County Employees	Teachers	School	Police and/or Fire	Participating Local Employers	Other (Judges etc)	Corporate	Industry	DB	Cash Balance	DB/ Cash Balance	DB/ Money Match	Drop	DC	Hybrid DB/ DC	Administer Retiree Healthcare
<b>United States</b>																				
Arizona SRS	210	159	245	X	X	X		X	X				X	X						X
CalPERS	880	735	441	X		X	X	X	X				X							X
CalSTRS	463	312	202	X	X	X							X		X					
Colorado PERA	245	124	271	X	X	X		X	X				X					X	X	X
Delaware PERS	46	34	18	X	X	X	X	X	X				X							
Florida RS	642	466	117	X	X	X	X	X	X				X				X	X		
Idaho PERS	74	50	50	X	X	X	X	X	X				X						X	
Illinois MRF	178	136	124				X	X	X				X							
Indiana PRS	252	164	2	X	X	X	X	X	X				X				X	X	X	
Iowa PERS	170	127	78	X	X	X	X	X	X				X							
KPERS	154	103	61	X	X	X	X	X	X				X	X			X			
LACERA	100	70	16	X				X	X				X							X
Maryland SRPS	193	165	50	X	X	X	X	X	X				X							
Michigan ORS	190	280	587	X	X	X	X		X				X					X	X	X
Minnesota State RS	58	49	30	X			X		X				X					X		
Nevada PERS	109	70	17	X	X	X	X		X				X							
North Carolina RS	472	322	195	X	X	X	X	X	X				X							
NYCERS	191	152	34	X			X	X	X				X							
NYC TRS	129	93	42	X		X	X						X						X	
NYSLRS	531	487	143	X		X	X	X	X				X							
Ohio PERS	304	215	654	X			X		X				X	X					X	X
Oregon PERS	181	155	73	X	X	X	X	X	X							X			X	X
Pennsylvania PSERS	256	240	162	X	X	X							X							X
PERS of Mississippi	153	113	78	X	X	X	X	X	X				X							
PSRS PEERS of Missouri	129	98	57			X	X				X		X							
South Carolina RS	295	176	218	X	X	X	X	X	X				X				X	X		
South Dakota RS	42	29	19	X	X	X	X	X	X				X							
STRS Ohio	209	159	157			X							X					X	X	X
Texas MRS	112	58	42	X				X	X							X				
TRS Illinois	163	126	138	X	X								X							
TRS Louisiana	92	81	28			X	X						X				X	X		
TRS of Texas	915	445	323	X	X	X							X							X
Utah RS	98	71	58	X	X	X	X	X	X				X					X	X	
Virginia RS	348	223	171	X	X	X	X	X	X				X						X	
Washington State DRS	338	201	297	X	X	X	X	X	X				X						X	
Wisconsin DETF	258	209	175	X	X	X	X	X	X				X							X

# Graphical summary of all participant characteristics

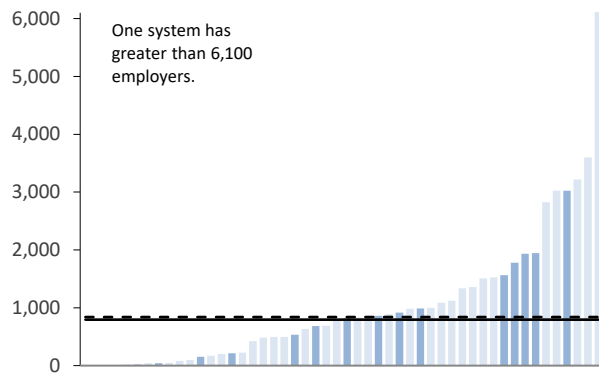
## Active Members and Annuitants



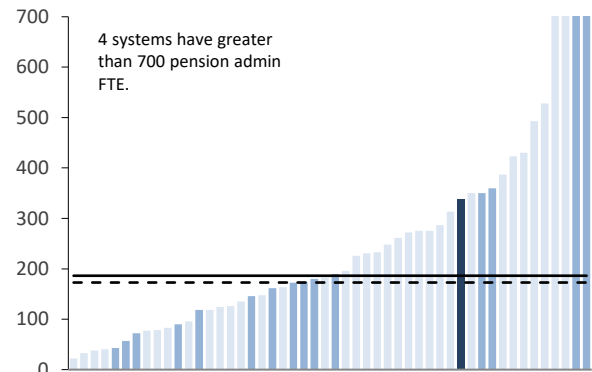
## Membership Mix



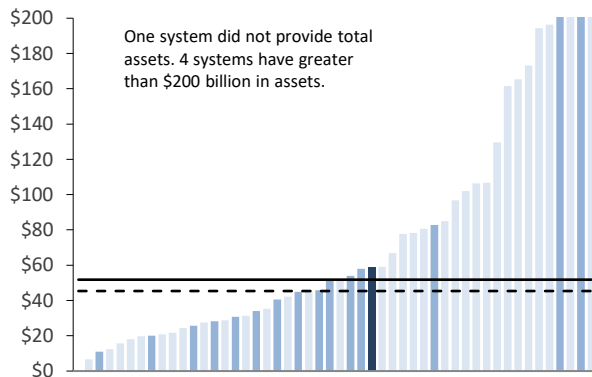
## Number of Employers



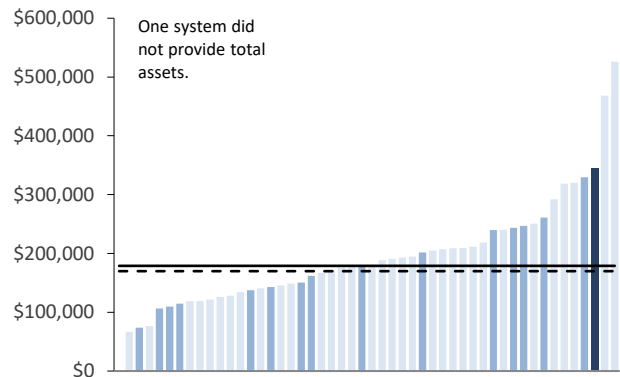
## Pension Administration FTE



## Total Assets in \$ billions



## Total Assets per Active Member and Annuitant



■ You   ■ Peer   ■ All

--- Peer Median   — All Median

# 3

## Total Cost

This section:

- Compares your total cost per member.
- Quantifies the impact of FTE per member, costs per FTE, third party costs and back-office
- Compares your costs per member type.



## Your total pension administration cost was \$69.0 million or \$406 per active member and annuitant.

Activity <sup>1</sup>	Cost	\$s per Active Member and			% of Total Pension		
	\$000s	Annuitant			Administration Cost		
	You	You	Peer Avg	All Avg	You	Peer Avg	All Avg
<b>1. Member Transactions</b>							
a. Pension Payments	2,124	12.51	4.44	3.98	3.1%	3.4%	3.4%
b. Pension Inceptions	2,124	12.51	4.67	4.56	3.1%	3.6%	3.9%
c. Refunds, Withdrawals, and Transfers-out	2,124	12.51	2.77	2.81	3.1%	2.1%	2.4%
d. Purchases and Transfers-in	980	5.77	1.92	2.85	1.4%	1.5%	2.4%
e. Disability	<u>10,370</u>	<u>61.05</u>	<u>5.63</u>	<u>2.52</u>	<u>15.0%</u>	<u>4.3%</u>	<u>2.1%</u>
	17,722	104.33	19.44	16.72	25.7%	14.8%	14.2%
<b>2. Member Communication</b>							
a. Call Center	4,322	25.45	8.01	6.29	6.3%	6.1%	5.3%
b. Mail Room, Imaging	4,093	24.10	3.75	2.72	5.9%	2.9%	2.3%
c. 1-on-1 Counseling	1,171	6.89	3.13	2.44	1.7%	2.4%	2.1%
d. Member Presentations	1,171	6.89	2.53	1.50	1.7%	1.9%	1.3%
e. Written Pension Estimates	980	5.77	1.86	1.71	1.4%	1.4%	1.4%
f. Mass Communication	<u>2,571</u>	<u>15.13</u>	<u>3.88</u>	<u>3.94</u>	<u>3.7%</u>	<u>3.0%</u>	<u>3.3%</u>
	14,307	84.23	23.17	18.59	20.7%	17.7%	15.8%
<b>3. Collections and Data Maintenance</b>							
a. Data and Money from Employers	868	5.11	4.19	4.08	1.3%	3.2%	3.5%
b. Service to Employers	0	0.00	2.25	2.07	0.0%	1.7%	1.8%
c. Data Not from Employers	<u>868</u>	<u>5.11</u>	<u>1.26</u>	<u>1.54</u>	<u>1.3%</u>	<u>1.0%</u>	<u>1.3%</u>
	1,736	10.22	7.70	7.69	2.5%	5.9%	6.5%
<b>4. Governance and Financial Control</b>							
a. Financial Administration and Control	2,857	16.82	5.28	4.81	4.1%	4.0%	4.1%
b. Board, Strategy, Policy	896	5.28	3.68	4.83	1.3%	2.8%	4.1%
c. Government and Public Relations	<u>896</u>	<u>5.28</u>	<u>1.76</u>	<u>1.49</u>	<u>1.3%</u>	<u>1.3%</u>	<u>1.3%</u>
	4,650	27.37	10.73	11.13	6.7%	8.2%	9.4%
<b>5. Major Projects</b>							
a. Amortization of non-IT Major Projects	0	0.00	0.08	0.18	0.0%	0.1%	0.2%
b. Non-IT Major Projects (if you don't capitalize)	0	0.00	3.06	1.92	0.0%	2.3%	1.6%
c. Amortization of IT Major Projects	0	0.00	3.10	3.38	0.0%	2.4%	2.9%
d. IT Major Projects (if you don't capitalize)	<u>0</u>	<u>0.00</u>	<u>7.44</u>	<u>4.81</u>	<u>0.0%</u>	<u>5.7%</u>	<u>4.1%</u>
	0	0.00	13.68	10.28	0.0%	10.4%	8.7%
<b>6. Information Technology</b>							
a. IT Strategy, Database Management and Applications	5,082	29.92	16.63	19.33	7.4%	12.7%	16.4%
b. IT Desktop, Networks, Telecom	<u>6,221</u>	<u>36.63</u>	<u>9.97</u>	<u>8.87</u>	<u>9.0%</u>	<u>7.6%</u>	<u>7.5%</u>
	11,303	66.55	26.60	28.20	16.4%	20.3%	23.9%
<b>7. Support Services and Other</b>							
a. Building and Utilities	4,385	25.81	9.00	7.91	6.4%	6.9%	6.7%
b. Human Resources	3,006	17.70	3.32	3.62	4.4%	2.5%	3.1%
c. Actuarial	0	0.00	1.80	1.99	0.0%	1.4%	1.7%
d. Legal and Rule Interpretation	6,277	36.95	5.41	4.93	9.1%	4.1%	4.2%
e. Internal and External Audit	4,555	26.82	3.94	2.64	6.6%	3.0%	2.2%
f. Pay-as-you-go Benefits for Retired Staff	0	0.00	1.10	0.64	0.0%	0.8%	0.5%
g. Other Support Services	<u>1,074</u>	<u>6.32</u>	<u>5.25</u>	<u>3.57</u>	<u>1.6%</u>	<u>4.0%</u>	<u>3.0%</u>
	19,297	113.60	29.81	25.29	28.0%	22.7%	21.5%
<b>Total Pension Administration <sup>2</sup></b>	69,016	406.30	131.11	117.91	100%	100%	100%

1. Refer to the appendix C for detailed activity definitions.

2. The fully-attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from pension administration costs to ensure comparability. Refer to the last page of this section to see how the above costs reconcile to the administration costs provided on your survey.

## Quartile comparisons of the components of total cost

The table below shows activity costs on a 'per member' basis (e.g. call center cost per member). In section 4, the same costs are compared on a 'per unit of activity volume' basis (e.g. call center cost per call).

\$ Cost per Active Member and Annuitant													
Activity <sup>1</sup>	Peer							All Participants					
	You	Avg	Max	Q3	Med	Q1	Min	Avg	Max	Q3	Med	Q1	Min
<b>1. Member Transactions</b>													
a. Pension Payments	12.51	4.44	12.51	6.32	2.81	1.72	0.53	3.98	14.19	5.21	2.81	1.73	0.53
b. Pension Inceptions	12.51	4.67	12.51	7.40	3.20	2.33	1.38	4.56	19.68	6.64	3.15	2.15	1.02
c. Refunds, Withdrawals, and Transfers-out	12.51	2.77	12.51	3.69	1.76	0.89	0.30	2.81	16.01	3.78	1.69	1.00	0.20
d. Purchases and Transfers-in	5.77	1.92	6.88	1.97	1.24	0.63	0.00	2.85	17.82	3.40	1.20	0.49	0.00
e. Disability	<u>61.05</u>	<u>5.63</u>	61.05	3.91	1.76	0.61	0.27	<u>2.62</u>	61.05	2.27	0.65	0.23	0.00
	104.33	19.44	104.33	18.06	12.02	9.28	4.26	16.72	104.33	18.26	10.44	6.79	2.81
<b>2. Member Communication</b>													
a. Call Center	25.45	8.01	25.45	10.43	6.09	4.45	1.94	6.29	25.45	7.43	5.47	3.57	0.00
b. Mail Room, Imaging	24.10	3.75	24.10	3.97	1.95	0.87	0.33	2.72	24.10	3.39	1.42	0.74	0.33
c. 1-on-1 Counseling	6.89	3.13	11.36	3.96	1.65	1.35	0.37	2.44	11.36	3.04	1.43	0.56	0.00
d. Member Presentations	6.89	2.53	9.02	2.81	1.45	0.89	0.12	1.50	9.02	1.78	0.97	0.54	0.00
e. Written Pension Estimates	5.77	1.86	9.61	1.54	1.07	0.82	0.00	1.71	9.61	2.10	1.28	0.58	0.00
f. Mass Communication	<u>15.13</u>	<u>3.88</u>	15.13	4.99	3.31	1.48	0.00	<u>3.94</u>	17.84	5.07	3.14	2.10	0.00
	84.23	23.17	84.23	23.87	16.91	11.15	8.14	18.59	84.23	22.82	15.56	11.01	5.24
<b>3. Collections and Data Maintenance</b>													
a. Data and Money from Employers	5.11	4.19	15.19	5.44	2.98	1.44	0.78	4.08	16.50	5.18	2.86	1.66	0.00
b. Service to Employers	0.00	2.25	8.74	2.86	1.63	1.03	0.00	2.07	8.74	3.08	1.51	0.98	0.00
c. Data Not from Employers	<u>5.11</u>	<u>1.26</u>	5.11	1.86	1.06	0.38	0.00	<u>1.54</u>	8.73	2.11	1.19	0.47	0.00
	10.22	7.70	18.96	9.84	5.87	4.09	1.89	7.69	21.21	10.19	6.50	4.20	0.02
<b>4. Governance and Financial Control</b>													
a. Financial Administration and Control	16.82	5.28	16.82	6.88	4.04	2.81	0.56	4.81	16.82	5.79	3.98	2.28	0.48
b. Board, Strategy, Policy	5.28	3.68	10.03	4.98	2.93	1.94	0.62	4.83	19.22	6.32	3.34	1.81	0.15
c. Government and Public Relations	<u>5.28</u>	<u>1.76</u>	5.28	2.53	1.21	0.76	0.32	<u>1.49</u>	7.39	2.25	1.01	0.47	0.06
	27.37	10.73	27.37	14.90	8.01	5.61	3.15	11.13	31.41	17.41	9.35	4.87	0.98
<b>5. Major Projects</b>													
a. Amortization of non-IT Major Projects	0.00	0.08	1.33	0.00	0.00	0.00	0.00	0.18	4.81	0.00	0.00	0.00	0.00
b. Non-IT Major Projects (if you don't capitalize)	0.00	3.06	27.45	1.95	0.00	0.00	0.00	1.92	27.45	1.42	0.00	0.00	0.00
c. Amortization of IT Major Projects	0.00	3.10	15.35	4.78	0.47	0.00	0.00	3.38	27.35	4.37	0.00	0.00	0.00
d. IT Major Projects (if you don't capitalize)	<u>0.00</u>	<u>7.44</u>	59.99	6.63	1.33	0.00	0.00	<u>4.81</u>	59.99	5.95	0.82	0.00	0.00
	0.00	13.68	69.79	15.46	10.06	1.94	0.00	10.28	69.79	13.44	6.27	0.48	0.00
<b>6. Information Technology</b>													
a. IT Strategy, Database, Applications (excl. major projects)	29.92	16.63	43.81	24.65	12.81	8.32	3.86	19.33	64.97	25.44	16.07	8.58	3.86
b. IT Desktop, Networks, Telecom	<u>36.63</u>	<u>9.97</u>	36.63	11.59	7.92	5.35	0.80	<u>8.87</u>	36.63	11.18	7.92	4.74	0.29
	66.55	26.60	66.55	34.45	19.79	15.98	6.59	28.20	83.71	36.45	23.88	16.46	5.68
<b>7. Support Services and Other</b>													
a. Building and Utilities	25.81	9.00	33.34	9.45	4.45	3.22	1.18	7.91	33.34	10.30	5.17	2.70	0.25
b. Human Resources	17.70	3.32	17.70	3.19	1.71	0.70	0.29	3.62	23.28	4.51	2.27	0.91	0.13
c. Actuarial	0.00	1.80	6.39	2.35	1.83	0.92	0.00	1.99	8.21	2.42	1.54	0.73	0.00
d. Legal and Rule Interpretation	36.95	5.41	36.95	5.43	2.88	1.86	0.37	4.93	36.95	5.28	3.26	2.08	0.37
e. Internal and External Audit	26.82	3.94	26.82	2.75	2.36	1.72	0.18	2.64	26.82	2.52	1.94	1.32	0.18
f. Pay-as-you-go Benefits for Retired Staff	0.00	1.10	9.62	0.18	0.00	0.00	0.00	0.64	9.62	0.21	0.00	0.00	0.00
g. Other Support Services	<u>6.32</u>	<u>5.25</u>	20.22	6.62	2.90	1.54	0.00	<u>3.57</u>	20.22	4.62	2.33	0.81	0.00
	113.60	29.81	113.60	36.72	16.76	12.49	6.52	25.29	113.60	29.43	20.20	11.24	2.83
<b>Total Pension Administration<sup>2</sup></b>	406.30	131.11	406.30	176.21	81.12	74.25	45.75	117.91	406.30	144.91	92.04	72.75	18.61

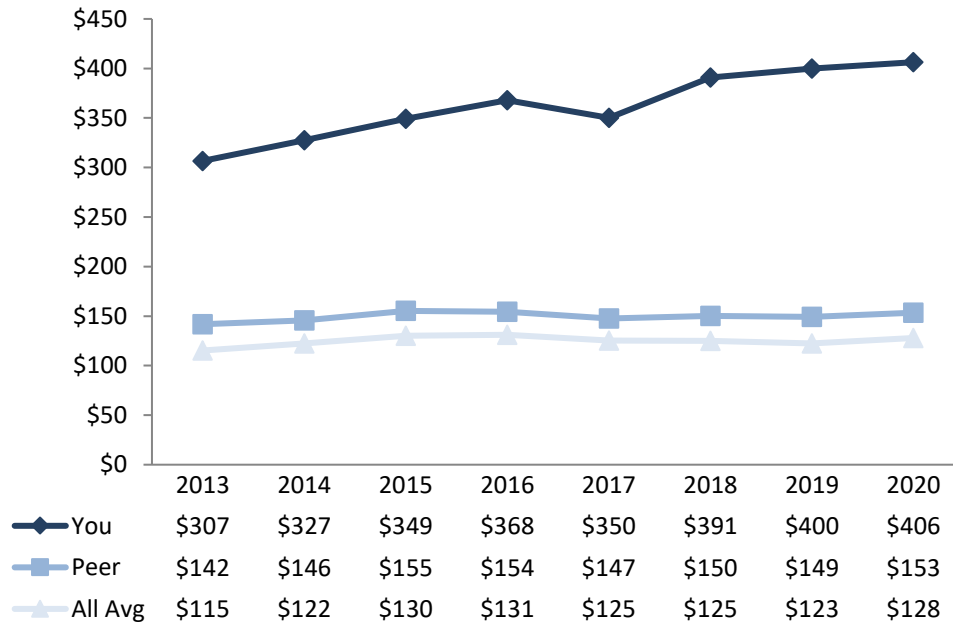
1. Refer to the appendix C for detailed activity definitions.

2. Only averages will add to totals. The Max/ Q3/ Med/ Q1/ Min activity costs will not add to their respective totals and subtotals because, for example, the system with the median cost (i.e., the middle value) will not be the same for all activities and totals.

## Cost trends

Your total pension administration costs have grown at a compound annual rate of 4.1% between 2013 and 2020. This was above the 1.1% average for your peers that have participated for 8 consecutive years.

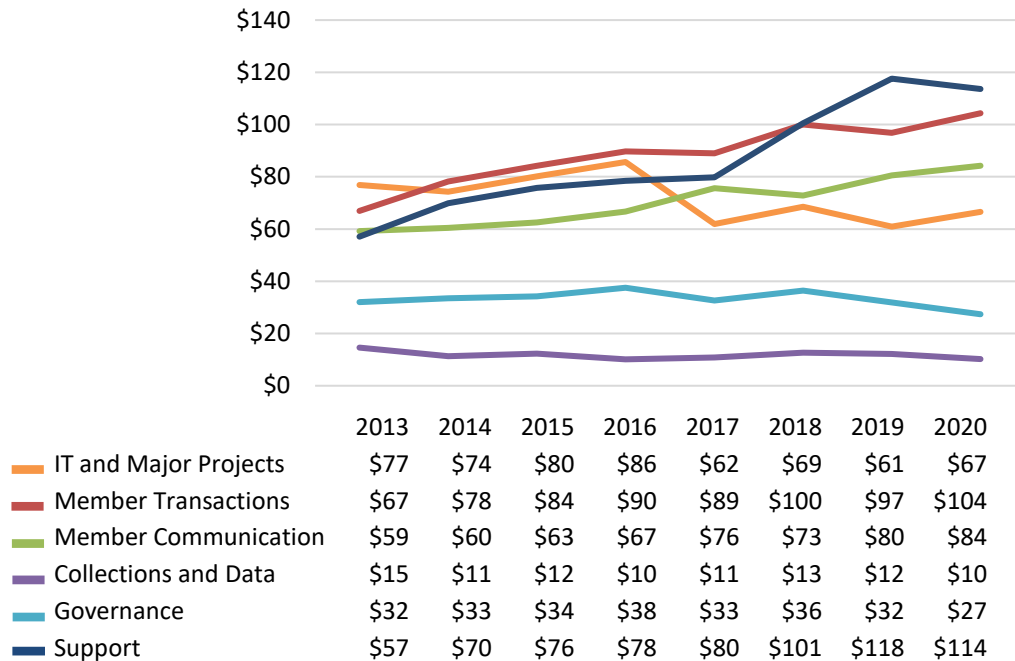
**Total Pension Administration Cost per Active Member and Annuitant<sup>1 2</sup>**



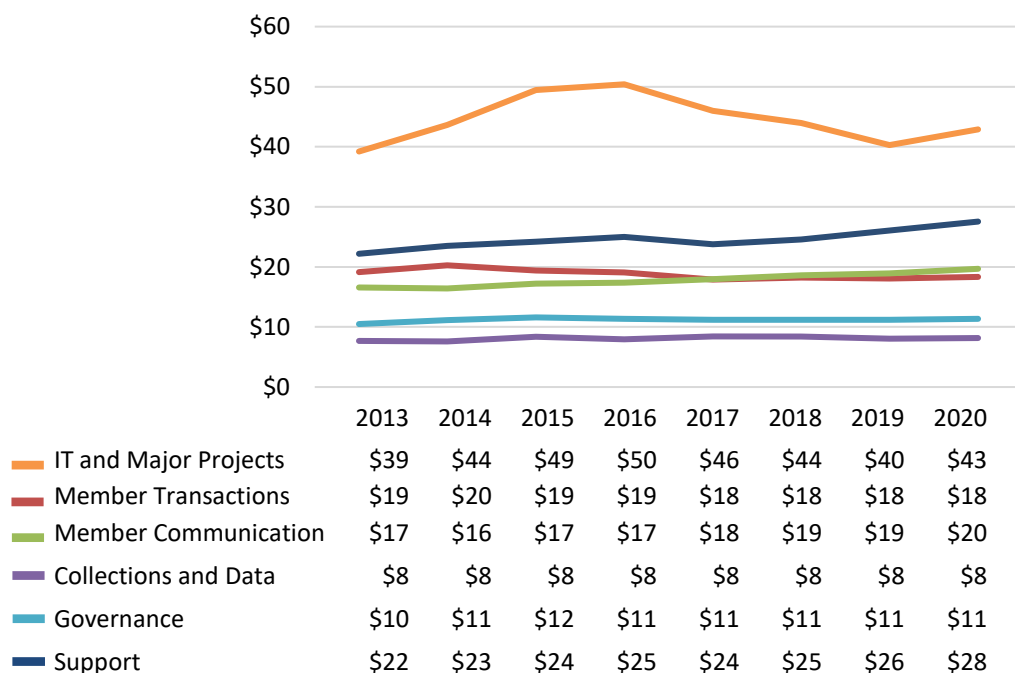
1. Trend analysis is based on systems that have participated for 8-consecutive years (11 peers and 38 World systems). This ensures that trends are not caused by changes in the composition of the participants.
2. All foreign currency amounts have been converted to USDs using Purchasing Power Parity figures as per the OECD (see Appendix B). The same exchange rate was used for both the current and prior years. The benefit of using the same exchange rate for prior years is that changes in costs reflect fluctuations in your peers' costs and not fluctuations in foreign exchange.

## Cost category trends

### Cost per Member - You

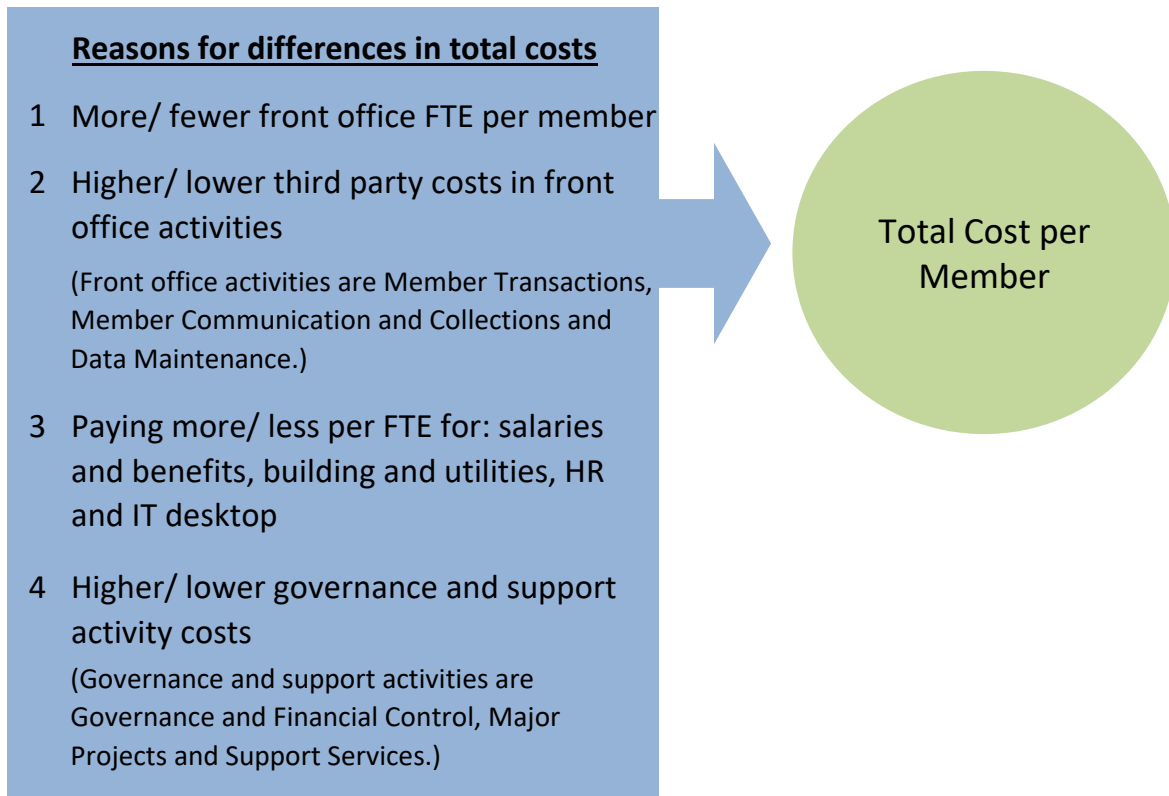


### Cost per Member - All Avg



Trend analysis is based on 38 systems that provided 8 consecutive years of data.

## CEM uses the following cost model to explain differences in total costs:



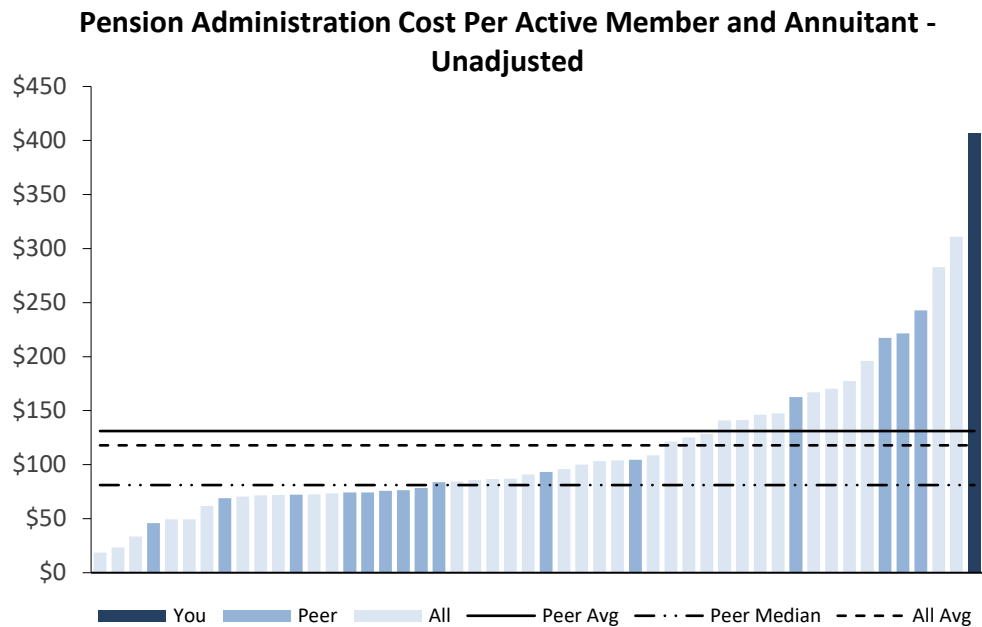
In this section, CEM quantifies the amount by which differences in each of the 4 reasons identified above cause your total pension administration cost to differ from the peer average.

### Average versus Median

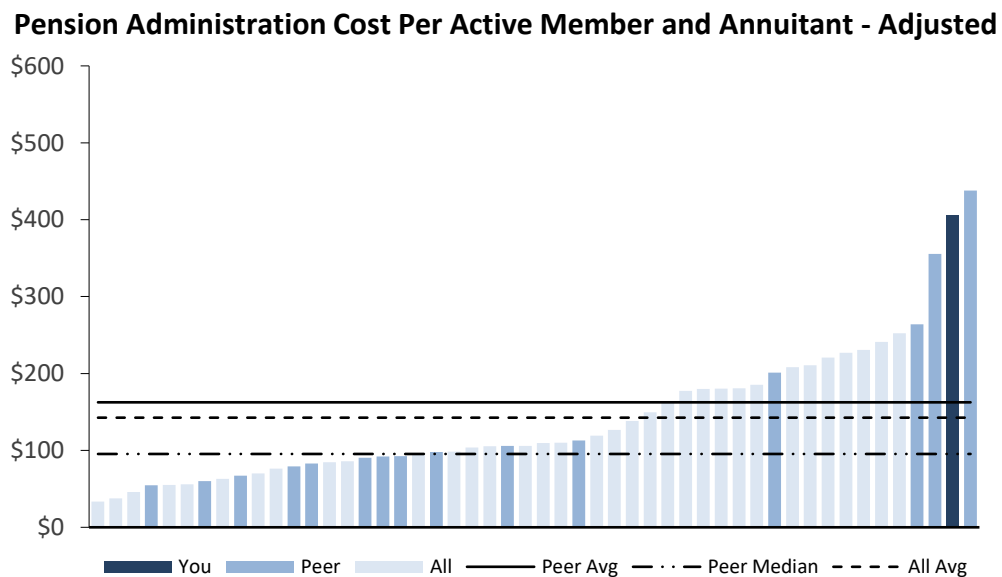
In the other sections of this report, CEM compares your performance to the median (i.e., the middle value or 50th percentile). This is because medians are less sensitive to outlier data than averages. An example of an outlier is a single peer with unusually high costs. In this section, we compare and reconcile your total costs to the peer average because:

- There are interactions between the reasons for differences in total cost that would be lost if we used medians.
- It is necessary if we want the reasons to add to 100%. The sum of median parts does not add up to the median total.

**Before adjusting for economies of scale, your total pension administration cost was \$406 per active member and annuitant. This was \$275 above the peer average of \$131 (and \$325 above the peer median of \$81).**

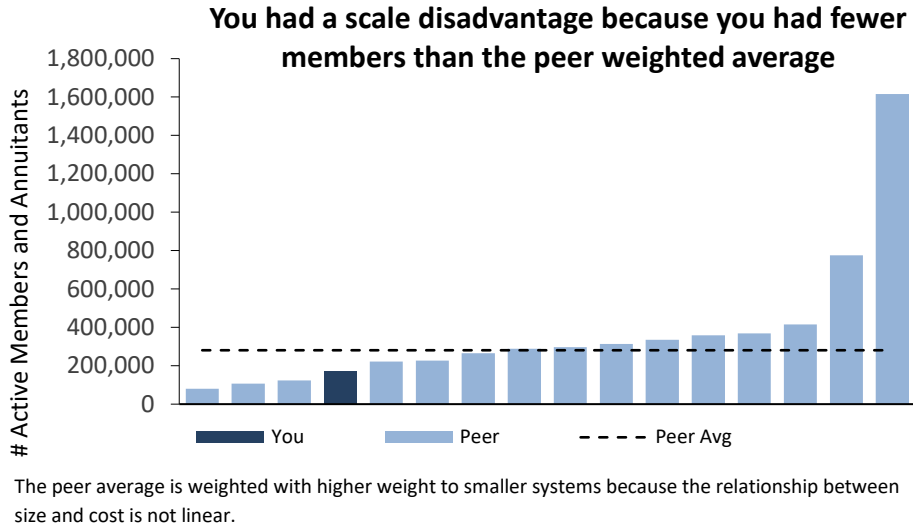


**After adjusting for scale, your cost per member was \$243 above the adjusted peer average of \$163.**



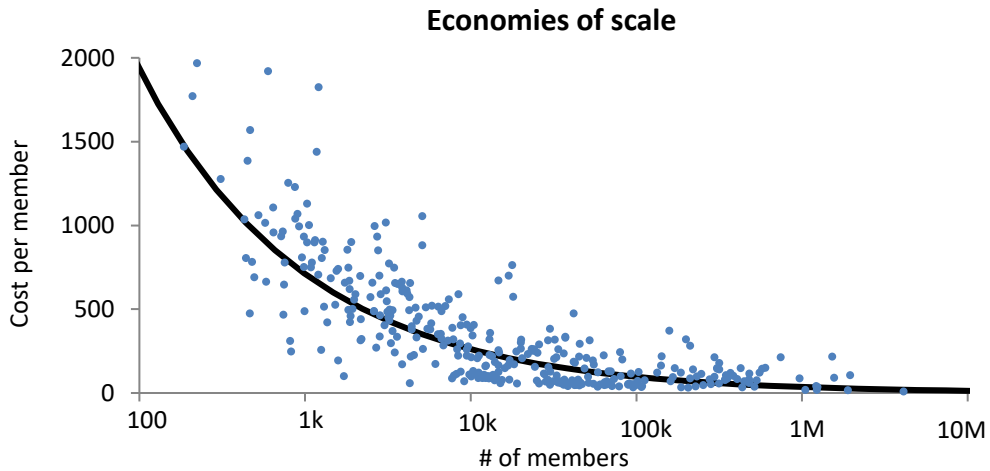
Pension administration cost excludes the fully-attributed costs of activities 1f. Healthcare Administration, and 1g. Optional and Third Party Administered Benefits.

# Size matters: you had an economies of scale disadvantage.



Your system had 40% fewer active members and annuitants than the peer weighted average. Your smaller size means that you had a cost disadvantage relative to the average peer of \$31 per member.

The scale adjustment is based on regression analysis using cost and membership data from 370 global pension plans. Approximately 70% of differences in cost per member can be explained by differences in size.



How Changes in Membership Impact Your Cost			
% Change in Members	Implied # of Members	Predicted Cost per Member	Increase/-Decrease
-75%	42,466	\$625	\$219
-50%	84,931	\$504	\$98
-25%	127,397	\$444	\$38
0%	169,862	\$406	\$0
25%	212,328	\$379	-\$27
50%	254,793	\$358	-\$48
75%	297,259	\$341	-\$65

## Reasons why your total cost per member was \$243 above the adjusted peer average.

Reason	You	Peer Avg	Impact \$s per active member and annuitant
1 More front office FTE per 10,000 members	12.8	4.6	\$142
2 Higher third party costs per member in the front office	\$35	\$8	\$27
3 Higher costs per FTE			
Front office Salaries & Benefits	\$128,187	\$92,567	
Governance, support Salaries & Benefits	<u>\$181,386</u>	<u>\$126,087</u>	
Blended Average	\$143,677	\$102,401	
Building and Utilities	\$14,322	\$12,499	
HR	\$9,819	\$4,608	
IT Desktop, Networks, Telecom	<u>\$20,322</u>	<u>\$13,853</u>	
Total	\$188,140	\$133,361	\$39
4 Higher support costs per member <sup>1</sup>			
Governance & Financial Control	\$34	\$18	
Major Projects	\$0	\$19	
IT Strategy, Database, Applications	\$34	\$25	
Actuarial, Legal, Audit, Other	<u>\$83</u>	<u>\$22</u>	
Total	\$151	\$84	\$67
Total unadjusted			\$275
Scale adjustment			-\$31
Total after adjusting for economy of scale differences			\$243

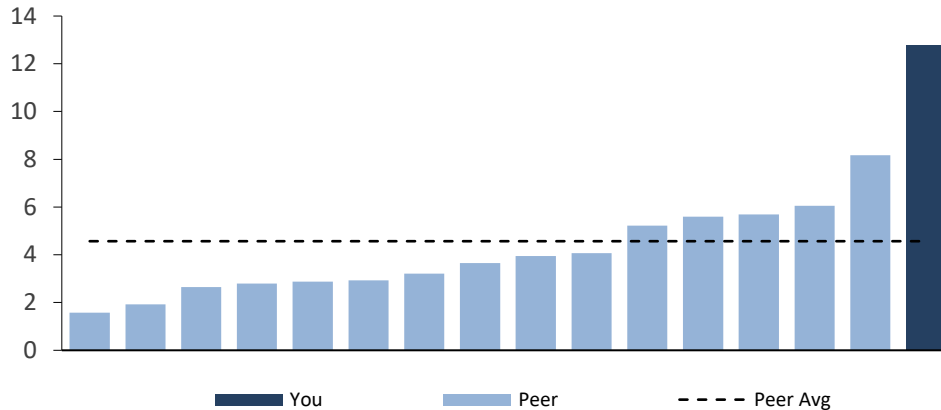
1. To avoid double counting, peers' governance and support costs are adjusted for differences in cost per FTE.



## Reason 1: You had more front office FTE per member.

Your 12.8 front office FTE per 10,000 members was 180% above the peer average of 4.6. Front office activities are activities that come in contact with clients or employers, such as paying pensions, member calls and presentations. It excludes Governance and support activities such as Governance and Financial Control, Major Projects and Support Services. Your higher front office FTE per member increased your total cost per member by \$142 relative to the peer average.

**Front office FTE per 10,000 Active Members and Annuitants**



Your front office FTE per 10,000 members is a function of two components: volume per 1,000 active members and annuitants (workloads) and activity volume per FTE (productivity).

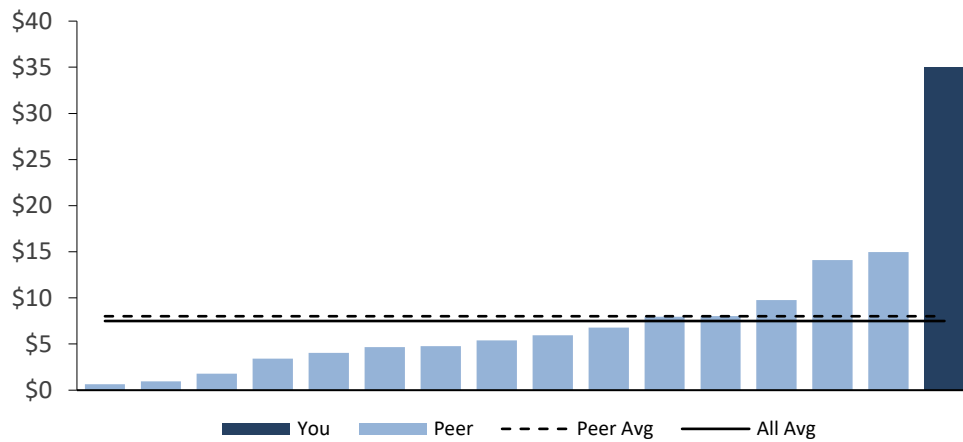
One reason you had more FTE per member is that you had lower transactions per FTE.

Activity	Volume Description	Volume per 1,000 Active Members and Annuitants			Activity Volume per FTE		
		You	Peer Avg	+/-	You	Peer Avg	+/-
<b>Member Transactions</b>							
Pension Payments	Annuitants	411	429	-19	4,288	22,213	-17,924
New Payee Inceptions	New Inceptions	22	25	-3	232	708	-476
Refunds & Transfers-out	Refunds	4	21	-17	44	1,772	-1,728
Purchases and Transfers-in	Purchases	12.9	39.8	-26.9	275	888	-613
Disability Applications	Disability Applications	3.8	1.5	2.3	14	182	-168
<b>Member Communication</b>							
Calls and Emails	Calls and Emails	815	691	124	3,251	9,813	-6,562
Incoming Mail	Incoming Mail	499	330	170	4,462	13,575	-9,113
Members Counseled 1-on-1	Members Counseled	143	46	97	2,824	1,509	1,315
Member Presentations	Member Presentations	2.0	1.6	0.3	39	94	-55
Written Estimates	Written Estimates	38	39	-1	808	3,018	-2,209
<b>Collections &amp; Data Maintenance</b>							
Data & Money from Employers	Active Members	589	571	19	13,741	25,602	-11,860
Service to Employers	Active Members	589	571	19	n/a	53,418	n/a
Data Not from Employers	All Members	1,094	1,277	-183	25,505	183,615	-158,110
<b>Weighted Total</b>		<b>48.9</b>	<b>45.9</b>	<b>3.0</b>	<b>38,276</b>	<b>90,449</b>	<b>-52,174</b>

## Reason 2: You had higher third party costs in the front office activities.

Your third party costs in the front office activities were \$35 per member which was 337% above the peer average of \$8. Your higher third party costs increased your total cost per member by \$27 relative to peers.

**Third Party Costs in Front Office Activities per Active Member and Annuitant**



Differences in third party and other miscellaneous costs in the front office activities reflect differences in:

- Use of consultants
- Departmental travel and education

### Reason 3: You had overall higher salaries and benefits, building and utilities, HR and IT desktop costs per FTE.

Cost per FTE		
Costs that vary per FTE	You	FTE-Weighted Peer Avg
Salaries and Benefits		
Front Office	\$128,187	\$92,567
Governance and support	<u>\$181,386</u>	<u>\$126,087</u>
Blended Average	\$143,677	\$100,869
Pay-as-you-go Benefits for Retired Staff	\$0	\$1,532
Building and Utilities	\$14,322	\$12,499
Human Resources	\$9,819	\$4,608
IT Desktop, Networks, Telecom	\$20,322	\$13,853
<b>Total</b>	<b>\$188,140</b>	<b>\$133,361</b>

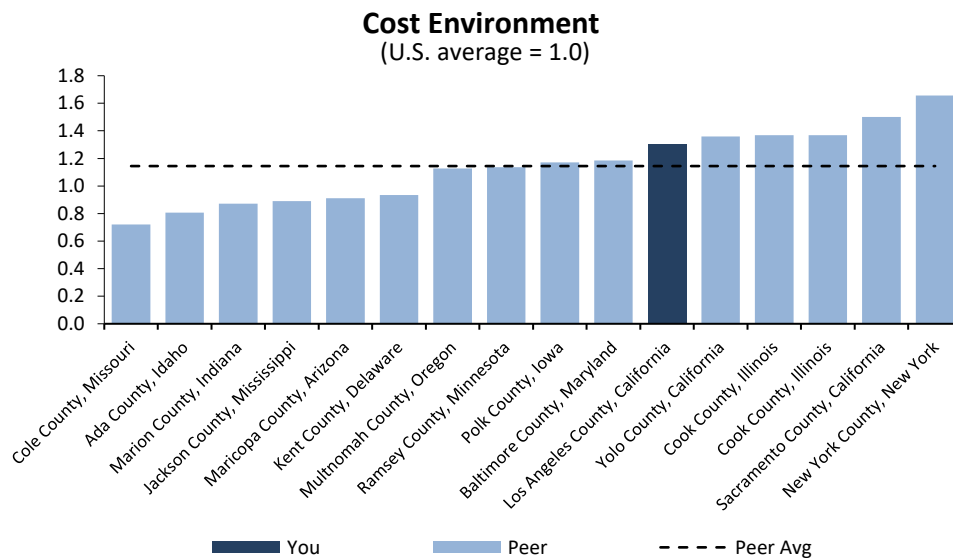
Your cost per FTE for salaries and benefits, building and utilities, human resources and IT desktop of \$188,140 was 41% above the FTE-weighted peer average of \$133,361. Your higher costs per FTE increased your total cost per member by \$39 relative to the peer average.

The cost model uses the FTE-weighted average because 'Cost per FTE' differences matter more for peers with more FTEs. The FTE-weighted average can be substantially different from the simple average.

Differences in what you pay per FTE reflect differences in:

- Square footage of office space per FTE.
- Organization structure, strategy and history.
- Using consultants for functions associated with high salaries. This will reduce your salary cost per FTE, but increase your third party cost.

Often a key reason for differences in 'cost per FTE' is cost environment. According to the Bureau of Labor Statistics (<http://www.bls.gov/>), labor costs in your area were 14% above the peer average.



## Reason 4: You paid more for governance and support activities.

Your adjusted<sup>1</sup> cost per active member and annuitant of \$151 for governance and support activities was above the peer average of \$84. Paying more for Governance and support activities increased your total cost per member by \$67 relative to the peer average.

Governance and support activities	Cost per Active Member and Annuitant		Adjusted <sup>1</sup> Cost per Active Member and Annuitant	
	You	Peer Avg	You	Peer Avg
Governance and Financial Control	\$27	\$11	\$34	\$18
Major Projects	\$0	\$14	\$0	\$19
IT Strategy, Database, Applications (excl. major)	\$30	\$17	\$34	\$25
Actuarial, Legal, Audit, Other Support Services	\$70	\$16	\$83	\$22
Support Services that Vary per FTE	\$23	\$8		
<b>Total</b>	<b>\$151</b>	<b>\$66</b>	<b>\$151</b>	<b>\$84</b>

1. To avoid double counting, governance and support costs are adjusted for cost per FTE (including salary, building, IT desktop, and HR costs).

Differences in the adjusted cost per member for non-administration activities reflects differences in:

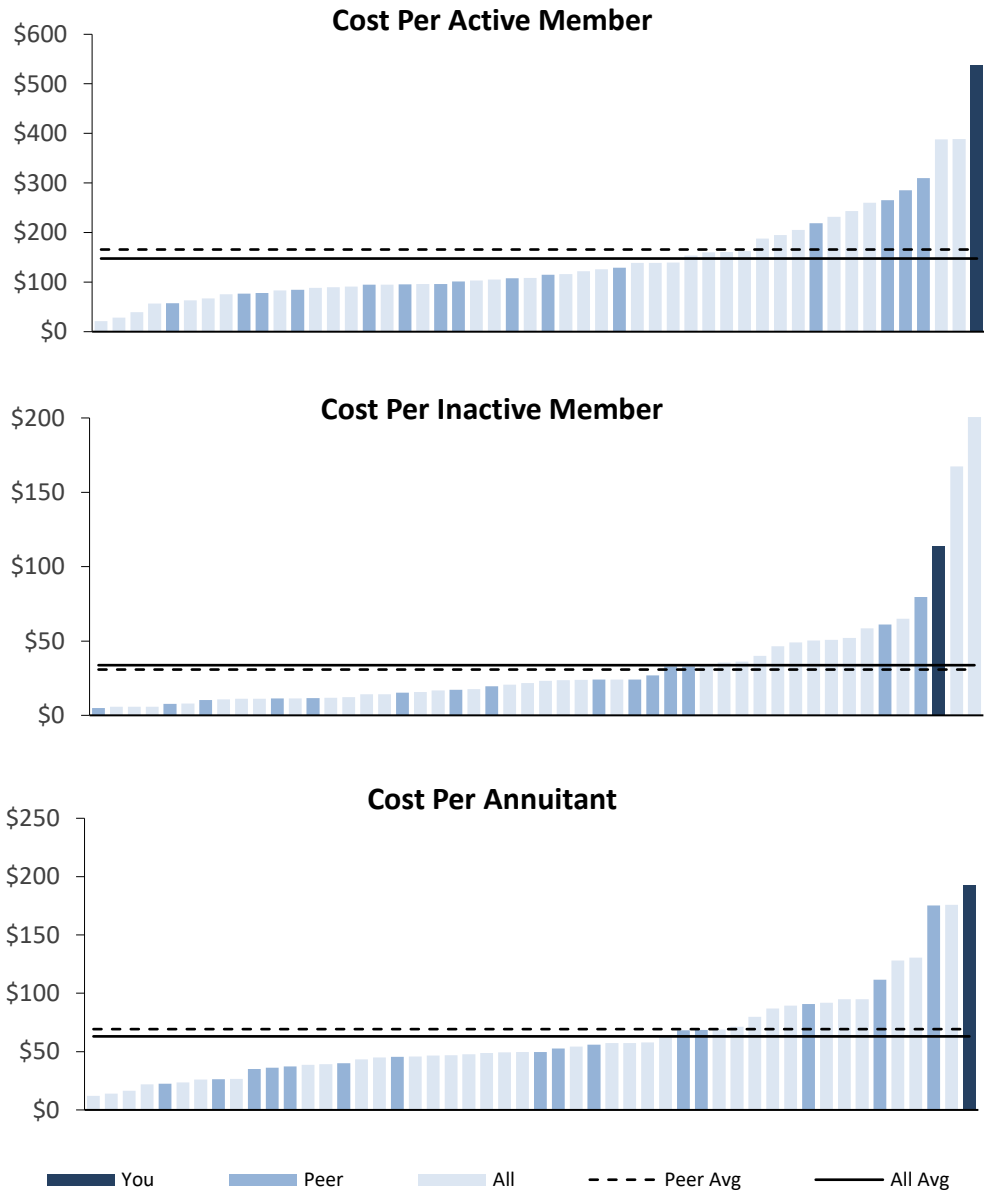
- How much you do. For example, some systems invest more in disaster recovery.
- IT capability
- IT investment cycle
- Plan complexity

Refer to section '4 - Activity Costs' for detailed analysis and comparison of the sub-activities within each of the non-administration activities to gain insight into where you are doing and paying more and/or less.

## Cost per member type

An alternative way of analyzing cost performance is by member type. Comparisons of your pension administration cost per active, inactive and annuitant member to your peers and all participants are shown below. The methodology for determining these costs is shown on the following two pages.

Pension Administration Cost per Member by Type									
Member Type	You	Peer				All			
		Average	Max	Median	Min	Average	Max	Median	Min
Active Member	\$537	\$166	\$537	\$105	\$58	\$148	\$537	\$112	\$21
Inactive Member	\$114	\$31	\$114	\$22	\$5	\$34	\$201	\$22	\$5
Annuitant	\$193	\$69	\$193	\$51	\$22	\$63	\$193	\$50	\$12



## Calculation of your cost per member type

The table below shows how your activity costs were attributed to each member type. The attribution methodology is described on the following page.

Calculation of Your Cost by Member Type							
Activity	Your	\$000s attributed to:			% attributed to:		
	Costs in \$000s <sup>1</sup>	Active	Inactive	Annuitant	Active	Inactive	Annuitant
<b>1. Member Transactions</b>							
a. Pension Payments	2,124	0	0	2,124	0.0%	0.0%	100.0%
b. Pension Inceptions	2,124	1,685	177	263	79.3%	8.3%	12.4%
c. Refunds, Withdrawals, and Transfers-out	2,124	1,730	394	0	81.4%	18.6%	0.0%
d. Purchases and Transfers-in	980	980	0	0	100.0%	0.0%	0.0%
e. Disability	10,370	10,370	0	0	100.0%	0.0%	0.0%
<b>2. Member Communication</b>							
a. Call Center	4,322	2,524	40	1,758	58.4%	0.9%	40.7%
b. Mail Room, Imaging	4,093	2,390	38	1,665	58.4%	0.9%	40.7%
c. 1-on-1 Counseling	1,171	1,136	17	17	97.0%	1.5%	1.5%
d. Member Presentations	1,171	1,136	17	17	97.0%	1.5%	1.5%
e. Written Pension Estimates	980	911	68	0	93.0%	7.0%	0.0%
f. Mass Communication	2,571	2,072	66	433	80.6%	2.6%	16.8%
<b>3. Collections and Data Maintenance</b>							
a. Data and Money from Employers	868	868	0	0	100.0%	0.0%	0.0%
b. Service to Employers	0	0	0	n/a	100.0%	0.0%	n/a
c. Data Not from Employers	868	496	69	303	57.2%	8.0%	34.9%
<b>4. Governance and Financial Control</b>							
a. Financial Administration and Control	2,857	2,225	75	557	77.9%	2.6%	19.5%
b. Board, Strategy, Policy	896	698	24	175	77.9%	2.6%	19.5%
c. Government and Public Relations	896	698	24	175	77.9%	2.6%	19.5%
<b>5. Major Projects</b>							
a. Amortization of non-IT Major Projects	0	0	0	0	77.9%	2.6%	19.5%
b. Non-IT Major Projects (if you don't capitalize)	0	0	0	0	77.9%	2.6%	19.5%
c. Amortization of IT Major Projects	0	0	0	0	77.9%	2.6%	19.5%
d. IT Major Projects (if you don't capitalize)	0	0	0	0	77.9%	2.6%	19.5%
<b>6. Information Technology</b>							
a. IT Strategy, Database, Applications (excl. major projects)	5,082	3,958	134	990	77.9%	2.6%	19.5%
b. IT Desktop, Networks, Telecom	6,221	4,845	163	1,213	77.9%	2.6%	19.5%
<b>7. Support Services and Other</b>							
a. Building and Utilities	4,385	3,415	115	855	77.9%	2.6%	19.5%
b. Human Resources	3,006	2,341	79	586	77.9%	2.6%	19.5%
c. Actuarial	0	0	0	0	77.9%	2.6%	19.5%
d. Legal and Rule Interpretation	6,277	4,888	165	1,223	77.9%	2.6%	19.5%
e. Internal and External Audit	4,555	3,548	120	888	77.9%	2.6%	19.5%
f. Pay-as-you-go Benefits for Retired Staff	0	0	0	0	77.9%	2.6%	19.5%
g. Other Support Services	1,074	837	28	209	77.9%	2.6%	19.5%
<b>Total Pension Administration Cost (A)</b>	69,016	53,751	1,813	13,451	77.9%	2.6%	19.5%
# of members by type (B)		100,115	15,961	69,747			
<b>Cost per Member Type (A ÷ B)</b>		\$537	\$114	\$193			

1. The fully-attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from pension administration costs to ensure comparability. Refer to the last page of this section to see how the above costs reconcile to the administration costs provided on your survey.

## Methodology for attributing activity costs to each member type

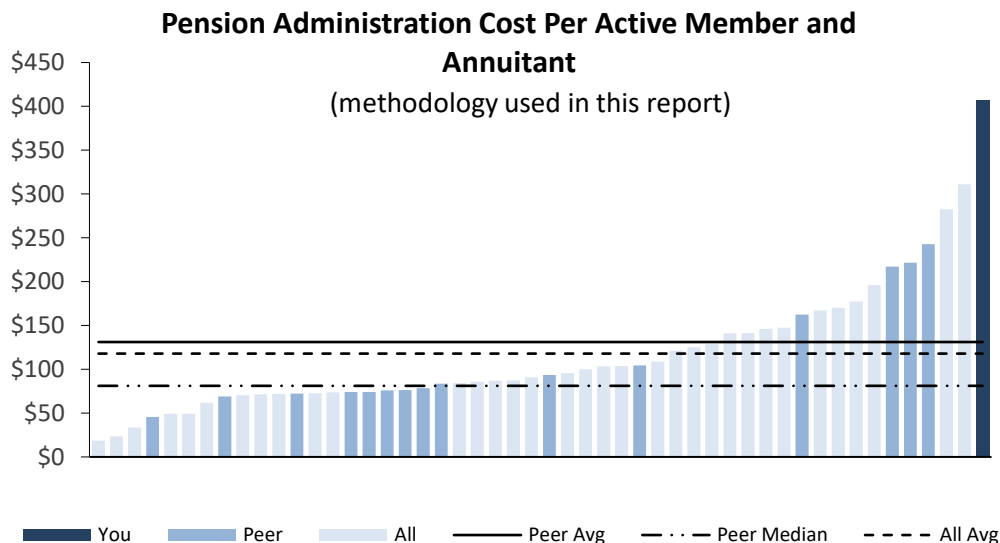
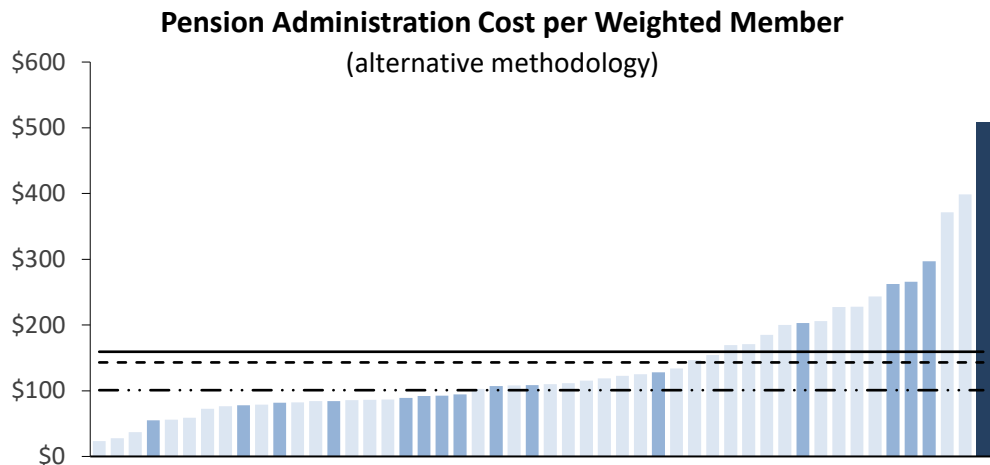
Activity	Attribution Method
1a. Pension Payments	100% annuitants
1b. Pension Inceptions	Pro rata based on weighted inceptions: <ul style="list-style-type: none"> <li>• service retirements of active members weighted 100%</li> <li>• new inceptions annuitants weighted 50% + changes in gross caused by annuitants circumstances weighted 25%</li> <li>• retirements of inactive members weighted 70%</li> </ul>
1c. Refunds, Withdrawals, and Transfers-out	Pro rata based on: <ul style="list-style-type: none"> <li>• active members weighted 70%</li> <li>• inactive members weighted 100%</li> </ul>
1d. Purchases and Transfers-in	100% active members
1e. Disability	100% active members
2a. Call Center	Pro rata based on weighted membership: <ul style="list-style-type: none"> <li>• active members weighted 100%</li> <li>• annuitants weighted 100%</li> <li>• inactive members weighted 10%</li> </ul>
2b. Mail Room, Imaging	per 2a above
2c. 1-on-1 Counseling	Pro rata between actives, inactives and annuitants based on: <ul style="list-style-type: none"> <li>• service retirements of active members weighted 100%</li> <li>• retirements of inactive members weighted 10%</li> <li>• survivor inceptions of annuitants weighted 5%</li> </ul>
2d. Member Presentations	per 2c above
2e. Written Pension Estimates	Pro rata between active and inactive members based on: <ul style="list-style-type: none"> <li>• service retirements of active members weighted 100%</li> <li>• retirements of inactive members weighted 50%</li> </ul>
2f. Mass Communication	Pro rata based on weighted membership: <ul style="list-style-type: none"> <li>• active members weighted 100%</li> <li>• annuitants weighted up to 30% (20% for website, etc + 10% if you send them newsletters)</li> <li>• inactive members weighted up to 30% (10% for website, etc + 10% if you send them member statements annually + 10% if you send them newsletters)</li> </ul>
3a. Data and Money from Employers	100% active members
3b. Service to Employers	100% active members
3c. Data Not from Employers	Pro rata based on weighted membership: <ul style="list-style-type: none"> <li>• active members weighted up to 100% (33% because of divorce + 33% if you maintain their addresses + 33% if you collect contributions directly from members)</li> <li>• annuitants weighted up to 58% (25% because of divorce + 33% for maintaining their addresses)</li> <li>• inactive members weighted up to 58% (25% because of divorce + 33% if you maintain their addresses)</li> </ul>
4a. Financial Administration and Control	Pro rata based on ratio of the sum of attributions to activities 1 to 3 for actives, annuitants and inactives using rules above.
4b. Board, Strategy, Policy	per 4a above
4c. Government and Public Relations	per 4a above
5a. Amortization of non-IT Major Projects	per 4a above
5b. Non-IT Major Projects (if you don't	per 4a above
5c. Amortization of IT Major Projects	per 4a above
5d. IT Major Projects (if you don't capitalize)	per 4a above
6a. IT Strategy, Database and Applications (excl. major projects)	per 4a above
5b. IT Desktop, Networks, Telecom	per 4a above
7a. Building and Utilities	per 4a above
7b. Human Resources	per 4a above
7c. Actuarial	per 4a above
7d. Legal and Rule Interpretation	per 4a above
7e. Internal and External Audit	per 4a above
7f. Pay-as-you-go Benefits for Retired Staff	per 4a above
7g. Other Support Services	per 4a above

## Cost per weighted member

In this report active members and annuitants is the divisor used when determining cost per member. But as the analysis on the previous three pages demonstrates, active members are more costly to administer than annuitants, and the cost to administer inactive members is greater than zero. Thus, using active members and annuitants as the divisor can bias results. It unfairly makes systems look higher cost if they have substantially higher than average proportions of inactive members and/or substantially lower than average proportions of annuitants.

Another way to compare total costs is on a per 'weighted member' basis where the weightings reflect the fact that costs vary by type of member. Your pension administration cost per weighted member was \$509.37. This was above the peer average of \$159.29. Members are weighted as follows: active members at 100%, inactive members at 25% and annuitants at 45%.

Relative rankings under both methodologies are shown in the graphs below.

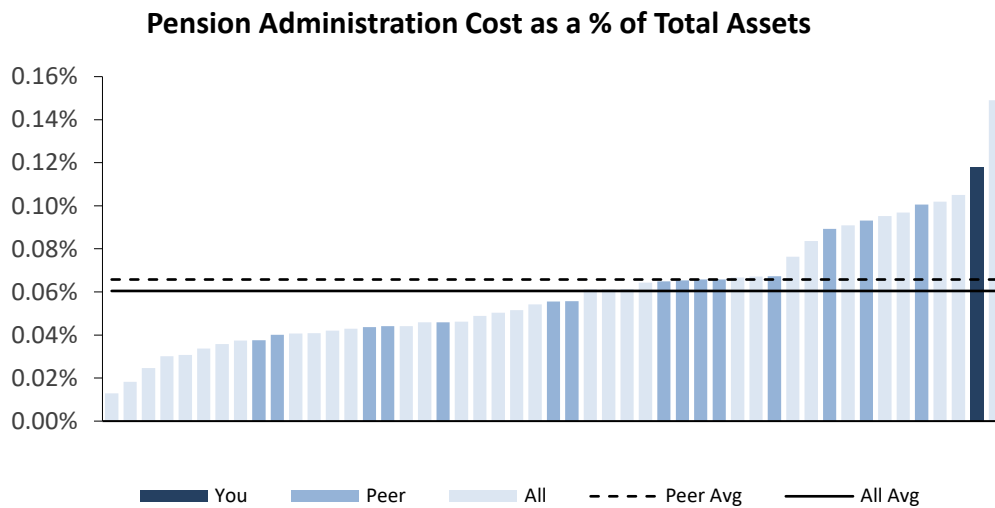




## Cost as a % of total assets

An alternative way to compare total costs is as a percent of total pension assets. This ratio is particularly useful when trying to understand how pension administration costs compare to investment costs within the same system because investment costs tend to be quoted as a percentage of assets. This ratio is less useful when comparing between systems, as is done in the graph below, because the divisor, total assets, depends on plan rules (more generous plans will have more assets) and funded status.

Your pension's administration costs represented 0.12% of total assets (or 12 basis points). This was above the peer average of 0.07%.



## Reconciliation to costs provided on the survey

The fully-attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from pension administration costs to ensure comparability. Your direct costs per the survey for activities 4, 6 and 7 have been reduced by attributions to activity 1F that add up to \$504 thousand.

Activity	Your Costs in \$000s				Total	\$s per Active Member and Annuitant
	Salaries & Benefits	Third Party & Other	Direct Attributions <sup>1</sup> to 1f & 1g	Indirect Attributions <sup>2</sup> to 1f & 1g		
<b>1. Member Transactions</b>						
a. Pension Payments	2,080	44			2,124	12.51
b. Pension Inceptions	2,080	44			2,124	12.51
c. Refunds, Withdrawals, and Transfers-out	2,080	44			2,124	12.51
d. Purchases and Transfers-in	958	21			980	5.77
e. Disability	7,911	2,458			10,370	61.05
f. Healthcare Administration	2,946	3,403	504	3,395	10,248	60.33
g. Optional and Third Party Administered Benefits	0	0	0	0	0	0.00
<b>2. Member Communication</b>						
a. Call Center	4,216	106			4,322	25.45
b. Mail Room, Imaging	1,865	2,229			4,093	24.10
c. 1-on-1 Counseling	1,149	21			1,171	6.89
d. Member Presentations	1,149	21			1,171	6.89
e. Written Pension Estimates	958	21			980	5.77
f. Mass Communication	1,648	922			2,571	15.13
<b>3. Collections and Data Maintenance</b>						
a. Data and Money from Employers	860	8			868	5.11
b. Service to Employers	0	0			0	0.00
c. Data Not from Employers	860	8			868	5.11
<b>4. Governance and Financial Control</b>						
a. Financial Administration and Control	2,771	401		-316	2,857	16.82
b. Board, Strategy, Policy	830	165		-99	896	5.28
c. Government and Public Relations	830	165		-99	896	5.28
<b>5. Major Projects</b>						
a. Amortization of non-IT Major Projects		0	0	0	0	0.00
b. Non-IT Major Projects (if you don't capitalize)	0	0	0	0	0	0.00
c. Amortization of IT Major Projects		0	0	0	0	0.00
d. IT Major Projects (if you don't capitalize)	0	0	0	0	0	0.00
<b>6. Information Technology</b>						
a. IT Strategy, Database, Applications (excl. major projects)	3,230	2,415	-504	-59	5,082	29.92
b. IT Desktop, Networks, Telecom	3,972	2,938	-616	-72	6,221	36.63
<b>7. Support Services and Other</b>						
a. Building and Utilities	129	4,741	-434	-50	4,385	25.81
b. Human Resources	2,121	1,217	-298	-35	3,006	17.70
c. Actuarial	0	0	0	0	0	0.00
d. Legal and Rule Interpretation	5,119	1,852	-622	-72	6,277	36.95
e. Internal and External Audit	4,670	390	-451	-52	4,555	26.82
f. Pay-as-you-go Benefits for Retired Staff	0		0	0	0	0.00
g. Other Support Services	507	686	-106	-12	1,074	6.32
<b>Total Administration</b>	<b>54,942</b>	<b>24,322</b>	<b>-2,528</b>	<b>2,528</b>	<b>79,264</b>	<b>466.64</b>
less:						
f. Healthcare Administration	-2,946	-3,403	-504	-3,395	-10,248	-60.33
g. Optional and Third Party Administered Benefits	0	0	0	0	0	0.00
<b>Total Pension Administration</b>					<b>69,016</b>	<b>406.30</b>

1. Direct attributions are equal to your attributions of 5. Major Projects, 6. IT, and/or 7. Support Services and Other as per your

2. Indirect attributions are equal to CEM's attributions of 4. Governance to activities 1-3 pro rata based on direct FTE.

# 4

## Activity Costs

This section compares:

- Direct costs by activity, before any attributions
- Factors that impact the direct costs of each activity such as salaries per direct FTE, transaction volumes per direct FTE, economies of scale, membership mix, and additional work per unit of activity volume.
- Fully-attributed costs by activity

## Calculation of your activity costs

Calculation of Your Direct Activity Costs				
Activity <sup>1</sup>	Cost <sup>2</sup> in \$000s (A)		Activity Volume (B)	\$s per Unit (A / B)
<b>1. Member Transactions</b>				
a. Pension Payments	2,124	69,747	annuitants	30.46
b. Pension Inceptions	2,124	3,769	new payee inceptions	563.62
c. Refunds, Withdrawals, and Transfers-out	2,124	710	refunds, withdrawals, and transfers-out	2,991.96
d. Purchases and Transfers-in	980	2,187	purchases and transfers-in	447.93
e. Disability	10,370	650	disability applications	15,953.62
<b>2. Member Communication</b>				
a. Call Center	4,322	138,507	calls and emails	31.21
b. Mail Room, Imaging	4,093	84,841	incoming mail	48.25
c. 1-on-1 Counseling	1,171	24,348	members counseled 1-on-1	48.09
d. Member Presentations	1,171	333	member presentations	3,515.95
e. Written Pension Estimates	980	6,421	written estimates	152.56
f. Mass Communication	2,571	169,862	active members and annuitants	15.13
<b>3. Collections and Data Maintenance</b>				
a. Data and Money from Employers	868	100,115	active members	8.67
b. Service to Employers	0	100,115	active members	n/a
c. Data Not from Employers	868	185,823	actives, inactives, annuitants	4.67
<b>4. Governance and Financial Control <sup>4</sup></b>				
a. Financial Administration and Control	2,857	169,862	active members and annuitants	16.82
b. Board, Strategy, Policy	896	169,862	active members and annuitants	5.28
c. Government and Public Relations	896	169,862	active members and annuitants	5.28
<b>5. Major Projects</b>				
a. Amortization of non-IT Major Projects	0	169,862	active members and annuitants	0.00
b. Non-IT Major Projects (if you don't capitalize)	0	169,862	active members and annuitants	0.00
c. Amortization of IT Major Projects	0	169,862	active members and annuitants	0.00
d. IT Major Projects (if you don't capitalize)	0	169,862	active members and annuitants	0.00
<b>6. Information Technology <sup>4</sup></b>				
a. IT Strategy, Database, Applications (excl. major projects)	5,082	169,862	active members and annuitants	29.92
b. IT Desktop, Networks, Telecom	6,221	339	pension admin FTE	18,376.19
<b>7. Support Services and Other <sup>4</sup></b>				
a. Building and Utilities	4,385	339	pension admin FTE	12,950.90
b. Human Resources	3,006	339	pension admin FTE	8,878.73
c. Actuarial	0	169,862	active members and annuitants	0.00
d. Legal and Rule Interpretation	6,277	169,862	active members and annuitants	36.95
e. Internal and External Audit	4,555	169,862	active members and annuitants	26.82
f. Pay-as-you-go Benefits for Retired Staff	0	339	pension admin FTE	0.00
g. Other Support Services	1,074	169,862	active members and annuitants	6.32
<b>Total Pension Administration <sup>3</sup></b>	<b>69,016</b>	<b>169,862</b>	<b>active members and annuitants</b>	<b>406.30</b>

1. Refer to Appendix C for activity definitions.

2. Cost is 'direct cost' as per your survey. It is the sum of:

a) Salaries and benefits of all staff that directly perform the activity, plus related support and management staff that are in the same department. For example, the call center includes call and email customer service agents, trainers, analysts and managers.

b) Third-party and other non-staff, non-third-party-fee costs that can be directly attributed to the activities but that are not already included in the other activities listed. These other costs may include office supplies, travel, subscriptions, training, conferences.

3. The fully attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from total pension administration costs to ensure comparability.

4. Your direct costs for activities 4, 6, and 7 have been reduced by attributions to 1f. Healthcare Administration that add up to \$3,899k. Refer to the last page of this section for details.

## Summary comparisons of activity costs by quartile breakdown

Comparisons of Direct Activity Costs <sup>1</sup>														
Activity	Cost per:	Peer							All Participant					
		You	Avg	Max	Q3	Med	Q1	Min	Avg	Max	Q3	Med	Q1	Min
<b>1. Member Transactions</b>														
a. Pension Payments	annuitant	30.46	10.47	30.46	15.37	6.32	3.96	1.32	9.38	31.57	12.33	6.57	4.23	1.15
b. Pension Inceptions	new payee inception	563.62	208.14	586.09	283.52	132.85	92.69	60.50	216.41	1,098.03	279.58	137.19	96.27	41.46
c. Refunds, Withdrawals, and Transfers-out	withdrawal & transfer-out	2,991.96	332.66	2,991.96	254.22	110.37	31.76	9.83	291.44	2,991.96	300.50	109.08	39.01	9.83
d. Purchases and Transfers-in	purchase & transfer-in	447.93	671.89	4,341.38	788.24	198.66	90.53	0.00	839.39	18,875.00	485.83	257.92	120.53	0.00
e. Disability	disability application	15,953.62	2,730.87	15,953.62	2,844.61	1,681.59	746.71	414.29	2,100.70	15,953.62	2,554.17	1,456.25	584.56	162.55
<b>2. Member Communication</b>														
a. Call Center	call & email	31.21	11.79	32.55	12.80	11.26	5.66	3.87	10.80	32.55	12.86	10.40	6.25	0.00
b. Mail Room, Imaging	incoming mail	48.25	10.41	48.25	11.16	7.73	5.44	1.51	9.87	57.39	12.64	5.95	3.05	0.83
c. 1-on-1 Counseling	member counseled 1-on-1	48.09	101.42	508.57	116.56	65.75	47.07	30.09	100.20	508.57	114.52	64.72	48.24	1.67
d. Member Presentations	member presentation	3,515.95	2,011.43	7,941.43	2,429.76	1,555.04	978.83	320.86	1,569.84	7,941.43	1,821.43	1,295.38	777.30	0.00
e. Written Pension Estimates	written estimate	152.56	109.44	365.00	168.52	66.76	26.21	0.00	97.48	449.53	127.01	52.88	32.72	0.00
f. Mass Communication	active member & annuitant	15.13	3.88	15.13	4.99	3.31	1.48	0.00	3.94	17.84	5.07	3.14	2.10	0.00
<b>3. Collections and Data Maintenance</b>														
a. Data and Money from Employers	active member	8.67	7.38	25.41	9.49	5.20	2.41	1.34	7.34	32.46	9.29	4.71	2.91	0.92
b. Service to Employers	active member	n/a	4.28	16.04	5.08	2.88	1.94	0.23	3.70	16.04	5.24	2.83	1.99	0.03
c. Data Not from Employers	active, inactive & annuitant	4.67	1.01	4.67	1.48	0.73	0.29	0.00	1.28	8.38	1.59	0.87	0.31	0.00
<b>4. Governance and Financial Control</b>														
a. Financial Administration and Control	active member & annuitant	16.82	5.28	16.82	6.88	4.04	2.81	0.56	4.81	16.82	5.79	3.98	2.28	0.48
b. Board, Strategy, Policy	active member & annuitant	5.28	3.68	10.03	4.98	2.93	1.94	0.62	4.83	19.22	6.32	3.34	1.81	0.15
c. Government and Public Relations	active member & annuitant	5.28	1.76	5.28	2.53	1.21	0.76	0.32	1.49	7.39	2.25	1.01	0.47	0.06
<b>5. Major Projects</b>														
a. Amortization of non-IT Major Projects	active member & annuitant	0.00	0.08	1.33	0.00	0.00	0.00	0.00	0.18	4.81	0.00	0.00	0.00	0.00
b. Non-IT Major Projects (if you don't capitalize)	active member & annuitant	0.00	3.06	27.45	1.95	0.00	0.00	0.00	1.92	27.45	1.42	0.00	0.00	0.00
c. Amortization of IT Major Projects	active member & annuitant	0.00	3.10	15.35	4.78	0.47	0.00	0.00	3.38	27.35	4.37	0.00	0.00	0.00
d. IT Major Projects (if you don't capitalize)	active member & annuitant	0.00	7.44	59.99	6.63	1.33	0.00	0.00	4.81	59.99	5.95	0.82	0.00	0.00
<b>6. Information Technology</b>														
a. IT Strategy, Database Management and Applications (excl. major projects)	active member & annuitant	29.92	16.63	43.81	24.65	12.81	8.32	3.86	19.33	64.97	25.44	16.07	8.58	3.86
b. IT Desktop, Networks, Telecom	pension admin FTE	18,376	12,885	32,339	15,721	12,708	7,599	1,784	12,684	33,893	15,513	11,825	8,365	1,357
<b>7. Support Services and Other</b>														
a. Building and Utilities	pension admin FTE	12,951	9,955	21,177	13,122	9,895	6,464	1,401	10,482	24,865	14,040	9,857	6,596	1,079
b. Human Resources	pension admin FTE	8,879	3,288	8,879	4,109	2,713	1,290	637	4,458	14,964	6,175	3,285	1,847	637
c. Actuarial	active member & annuitant	0.00	1.80	6.39	2.35	1.83	0.92	0.00	1.99	8.21	2.42	1.54	0.73	0.00
d. Legal and Rule Interpretation	active member & annuitant	36.95	5.41	36.95	5.43	2.88	1.86	0.37	4.93	36.95	5.28	3.26	2.08	0.37
e. Internal and External Audit	active member & annuitant	26.82	3.94	26.82	2.75	2.36	1.72	0.18	2.64	26.82	2.52	1.94	1.32	0.18
f. Pay-as-you-go Benefits for Retired Staff	pension admin FTE	0.00	1,431.24	11,486.31	462.09	0.00	0.00	0.00	1,017.24	11,486.31	431.51	0.00	0.00	0.00
g. Other Support Services	active member & annuitant	6.32	5.25	20.22	6.62	2.90	1.54	0.00	3.57	20.22	4.62	2.33	0.81	0.00
<b>Total Pension Administration<sup>2</sup></b>		<b>406.30</b>	<b>131.11</b>	<b>406.30</b>	<b>176.21</b>	<b>81.12</b>	<b>74.25</b>	<b>45.75</b>	<b>117.91</b>	<b>406.30</b>	<b>144.91</b>	<b>92.04</b>	<b>72.75</b>	<b>18.61</b>

1. In this section we compare your costs to the peer median (i.e., the middle value or 50th percentile) because outlier data often skews averages in the direction of outlier values. Maximum and minimum values usually reflect unusual circumstances and are often associated with very low volumes.

2. The fully attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from total pension administration costs to ensure comparability.

# Activity cost history

Comparisons of Direct Activity Costs <sup>1</sup>													
Activity	Cost per:	You				Peer Average				All Participant Average			
		2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
<b>1. Member Transactions</b>													
a. Pension Payments	annuitant	30.46	36.06	33.56	37.10	12.24	13.45	13.50	12.34	10.07	10.25	10.14	9.89
b. Pension Inceptions	new payee inception	563.62	239.90	248.33	272.17	246.05	214.87	225.81	251.86	220.19	207.68	200.78	202.19
c. Refunds, Withdrawals, and Transfers-out	withdrawal & transfer-out	2,991.96	2,468.20	3,156.38	1,577.19	439.21	373.84	426.23	379.85	349.07	289.07	273.13	279.94
d. Purchases and Transfers-in	purchase & transfer-in	447.93	571.07	451.58	351.28	768.35	664.92	720.93	499.93	977.07	889.01	701.82	621.28
e. Disability	disability application	15,953.62	15,000.16	14,886.78	14,889.42	3,397.00	3,140.11	3,199.18	2,978.12	2,379.01	2,219.16	2,589.87	2,218.93
<b>2. Member Communication</b>													
a. Call Center	call & email	31.21	26.91	23.35	23.66	13.32	12.87	13.22	12.41	11.85	11.15	11.01	10.38
b. Mail Room, Imaging	incoming mail	48.25	49.38	46.37	40.23	11.14	11.34	10.71	9.04	10.20	9.76	10.69	9.74
c. 1-on-1 Counseling	member counseled 1-on-1	48.09	40.01	36.68	80.42	110.63	96.74	83.94	115.96	111.75	92.54	91.96	97.48
d. Member Presentations	member presentation	3,515.95	2,782.88	2,446.26	3,933.98	2,372.70	1,309.70	1,257.02	2,149.60	1,651.61	1,310.79	1,431.13	1,515.18
e. Written Pension Estimates	written estimate	152.56	89.54	88.81	88.82	134.17	122.76	107.13	102.83	114.61	107.41	111.69	99.28
f. Mass Communication	active member & annuitant	15.13	14.83	12.20	9.93	4.46	4.35	4.22	3.83	4.26	4.12	3.96	3.65
<b>3. Collections and Data Maintenance</b>													
a. Data and Money from Employers	active member	8.67	10.34	11.08	12.29	8.64	8.55	8.91	9.19	7.63	7.29	7.75	8.47
b. Service to Employers	active member	n/a	n/a	n/a	n/a	4.99	4.90	4.89	4.40	3.98	4.08	4.32	3.90
c. Data Not from Employers	active, inactive & annuitant	4.67	5.53	5.54	3.22	1.28	1.34	1.45	1.41	1.47	1.42	1.32	1.17
<b>4. Governance and Financial Control</b>													
a. Financial Administration and Control	active member & annuitant	16.82	21.55	21.50	19.74	6.13	6.11	6.05	6.26	4.89	4.88	4.76	4.97
b. Board, Strategy, Policy	active member & annuitant	5.28	5.19	7.45	6.48	3.38	3.48	3.74	3.88	4.87	4.57	4.71	4.57
c. Government and Public Relations	active member & annuitant	5.28	5.19	7.45	6.48	2.04	1.99	2.05	1.93	1.61	1.72	1.70	1.67
<b>5. Major Projects</b>													
a. Amortization of non-IT Major Projects	active member & annuitant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.20	0.20	0.15	0.06
b. Non-IT Major Projects (if you don't capitalize)	active member & annuitant	0.00	1.41	3.87	0.29	4.08	2.77	2.94	2.14	2.13	1.84	1.76	1.26
c. Amortization of IT Major Projects	active member & annuitant	0.00	0.00	0.00	0.00	2.37	2.57	3.66	3.80	3.65	3.63	8.74	8.78
d. IT Major Projects (if you don't capitalize)	active member & annuitant	0.00	0.32	1.46	0.53	8.32	8.99	10.06	10.87	5.33	4.90	5.35	8.20
<b>6. Information Technology</b>													
a. IT Strategy, Database, Applications (excl. major projects)	active member & annuitant	29.92	28.14	33.31	30.61	19.60	19.66	20.01	19.77	21.86	20.76	19.52	19.49
b. IT Desktop, Networks, Telecom	pension admin FTE	18,376	15,405	15,266	16,023	14,616	13,055	11,978	11,049	13,607	13,417	12,738	12,035
<b>7. Support Services and Other</b>													
a. Building and Utilities	pension admin FTE	12,951	15,197	12,371	6,404	11,704	11,882	11,181	11,956	10,954	10,703	10,477	10,221
b. Human Resources	pension admin FTE	8,879	8,807	8,987	8,811	3,795	4,104	3,834	3,759	4,654	4,574	3,884	3,864
c. Actuarial	active member & annuitant	0.00	0.00	0.00	0.00	1.93	2.18	2.47	2.10	1.99	1.93	2.00	2.04
d. Legal and Rule Interpretation	active member & annuitant	36.95	35.47	27.83	25.37	6.90	6.61	5.68	5.71	5.58	5.01	4.67	4.72
e. Internal and External Audit	active member & annuitant	26.82	27.64	25.59	21.76	5.05	5.02	4.96	3.99	2.95	2.95	2.89	2.53
f. Pay-as-you-go Benefits for Retired Staff	pension admin FTE	0.00	0.00	0.00	0.00	915.99	809.11	873.79	871.90	715.52	695.52	524.97	524.81
g. Other Support Services	active member & annuitant	6.32	6.07	5.25	3.75	6.45	5.50	5.56	5.59	4.07	3.69	3.45	3.26
<b>Total Pension Administration<sup>2</sup></b>	active member & annuitant	406.30	399.92	390.94	350.05	153.31	149.30	150.12	147.46	127.98	122.56	124.92	125.19

1. Trend analysis is based on systems that have participated for 8-consecutive years (11 peers and 38 World systems). This ensures that trends are not caused by changes in the composition of the participants.
2. The fully attributed costs of activities 1f. Healthcare Administration and 1g. Optional and Third Party Administered Benefits are excluded from total pension administration costs to ensure comparability.

## CEM uses the following model to help explain differences in activity costs



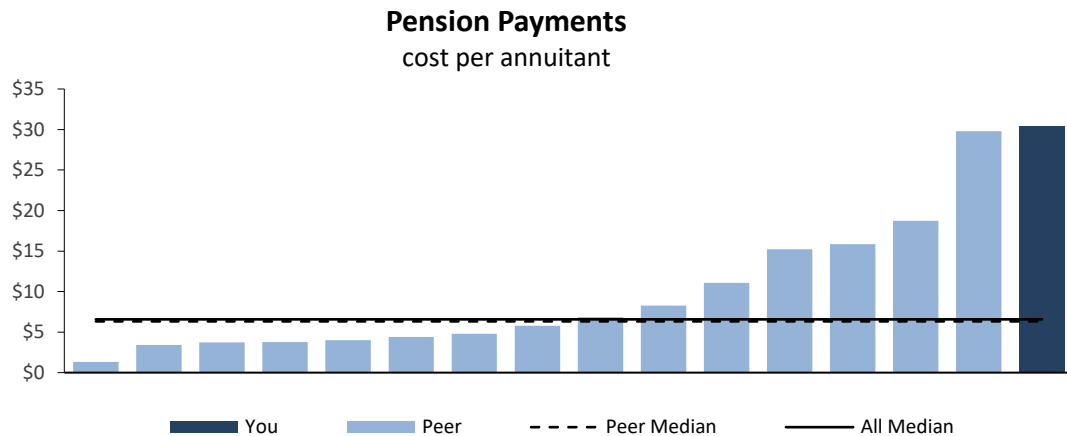
In this section, CEM quantifies the amount by which differences in the four reasons identified in the top box above impact your costs by calculating how your costs would change if you had the peer median salaries/ productivity/ third party and other costs. This methodology results in an unexplained amount, which is sometimes quite large, because:

- Peer salaries, productivity, and third party and other costs are not uniformly distributed. Often there are extreme outliers, especially for systems with relatively low volumes. Thus if you have outlier data for an activity, or several of your peers have extreme data, the unexplained amount may be large.
- Interaction between the three reasons is not quantified. For example, peers with higher productivity may also pay higher salaries. This offsetting impact between higher salaries and higher productivity is not quantified.

All comparisons are to the peer median (i.e., the middle value or 50th percentile). The median is used instead of the average because outlier data often skews averages in the direction of outlier values. Skewing is particularly acute with activity costs because participants with a low volume in an activity sometimes have very high costs per unit.

# 1A Pension Payments

Your pension payments cost per annuitant was \$30.46. This was \$24.14 above the peer median of \$6.32. The biggest reason why was that you serviced fewer annuitants per direct FTE (productivity).



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$127,912	\$85,200	\$9.96
Fewer annuitants per direct FTE (productivity)	4,288	19,740	\$23.35
Lower third party costs per annuitant	\$0.63	\$0.96	-\$0.33
Unexplained <sup>1</sup>			-\$8.83
<b>Cost per annuitant</b>	<b>\$30.46</b>	<b>\$6.32</b>	<b>\$24.14</b>

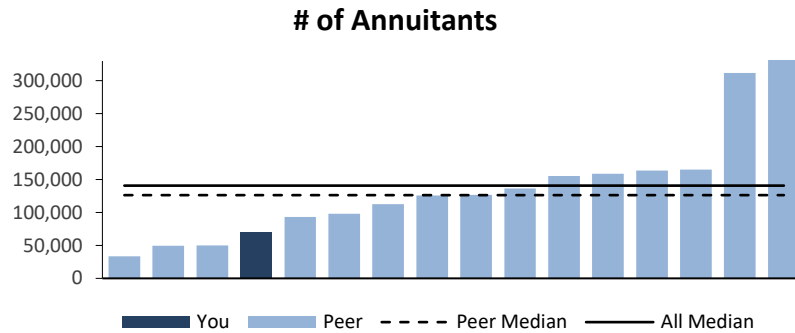
1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).



# 1A Pension Payments - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale disadvantage. Your 69,747 annuitants was 45% lower than the peer median of 126,264.

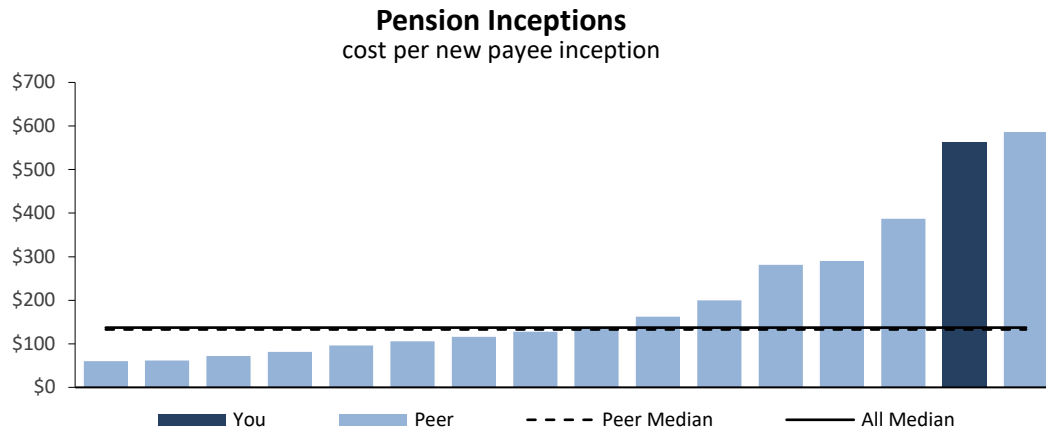


## 2. Additional pension payments work per annuitant

Causes of additional work	You	Peer Avg	Cost Impact
Percentage of pensioners paid by check (as opposed to Electronic Funds Transfer)	3%	3%	neutral
Number of times per year you sent payment advices with your EFT payments detailing the gross payment and deductions	12.0	6.3	increasing

## 1B Pension Inceptions

Your pension inceptions cost per new payee inception was \$563.62. This was \$430.77 above the peer median of \$132.85. The biggest reason why was that you completed fewer new payee inceptions per direct FTE (productivity).



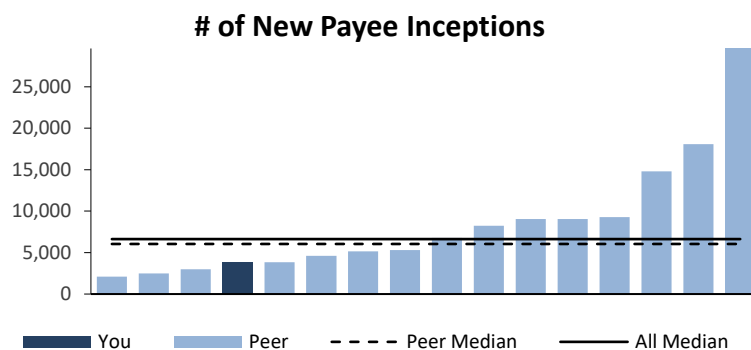
Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per New Payee Inception
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$127,912	\$80,856	\$203.06
Fewer new payee inceptions per direct FTE (productivity)	232	512	\$302.09
Higher third party costs per new payee inception	\$11.65	\$4.69	\$6.96
Unexplained <sup>1</sup>			-\$81.34
<b>Cost per new payee inception</b>	<b>\$563.62</b>	<b>\$132.85</b>	<b>\$430.77</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

# 1B Pension Inceptions - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale disadvantage. Your 3,769 new payee inceptions was 38% lower than the peer median of 6,041.



## 2. Mix of activity volume

Inceptions to survivors tend to be less work than inceptions to active members because there are usually no payment option choices for survivors.

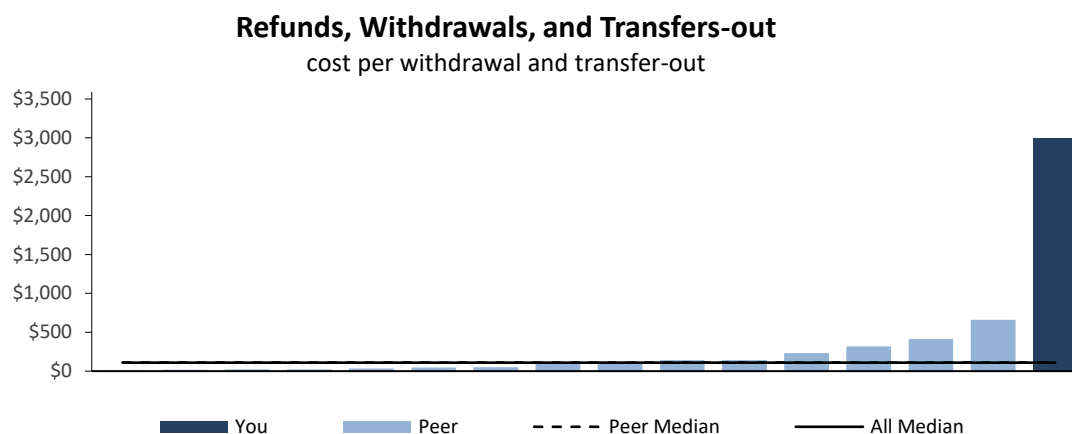
Activity Volume: % by Type	You	Peer Avg	Cost Impact
Annuity inceptions: service retirement (actives)	65%	67%	
Annuity inceptions: service retirement (inactives)	10%	17%	
Annuity inceptions: disability retirement (actives)	5%	3%	
Annuity inceptions: survivor, partner, ex-partner, dependent	20%	13%	decreasing
<b>Total new payee inceptions</b>	<b>100%</b>	<b>100%</b>	

## 3. Additional work per new payee inception

Causes of additional work	You	Peer Avg	Cost Impact
Proportion of inceptions to retiring active members based on estimates	0%	44%	decreasing
Formal appeals (non-disability) of inceptions as a % of new payee inceptions	0.03%	0.37%	decreasing
Changes in gross amount of annuity pensions paid as a result of changes in an individual annuitant's personal circumstances, as a % of new payee inceptions. (This work is included in the cost of inceptions, but not the volume).	1%	145%	decreasing
Joint account reciprocity with other systems	Yes	56%Yes	increasing
Total complexity score (out of 100)	43	39	increasing

## 1C Refunds, Withdrawals, and Transfers-out

Your refunds, withdrawals, and transfers-out cost per withdrawal and transfer-out was \$2,991.96. This was \$2,881.59 above the peer median of \$110.37. The biggest reason why was that you completed fewer refunds, withdrawals, and transfers-out per direct FTE (productivity).



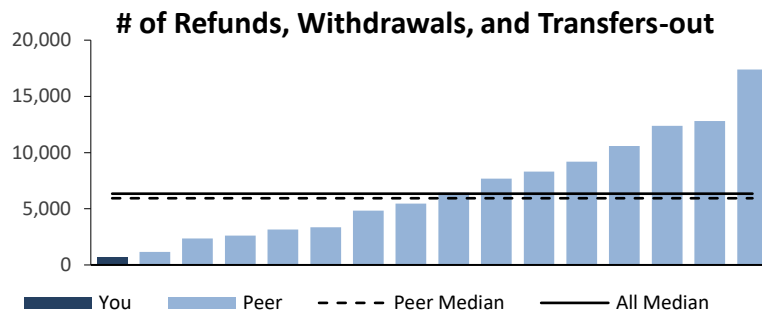
Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Withdrawal and Transfer-out
Higher salaries and benefits per direct FTE	\$127,912	\$81,310	\$1,067.54
Fewer refunds, withdrawals, and transfers-out per direct FTE	44	892	\$2,786.73
Higher third party costs per withdrawal and transfer-out	\$61.83	\$2.95	\$58.88
Unexplained <sup>1</sup>			-\$1,031.56
<b>Cost per withdrawal and transfer-out</b>	<b>\$2,991.96</b>	<b>\$110.37</b>	<b>\$2,881.59</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

# 1C Refunds, Withdrawals, and Transfers-out - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale disadvantage. Your 710 refunds, withdrawals, and transfers-out was 88% lower than the peer median of 5,937.



## 2. Mix of activity volume

Transfers-out tend to be more work than a withdrawal because they require co-ordination with another pension system and its rules.

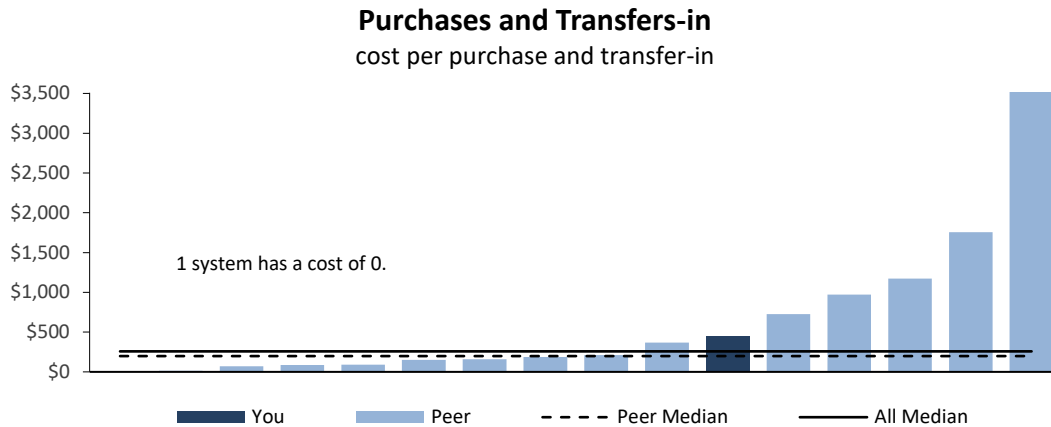
Activity Volume: % by Type	You	Peer Avg	Cost Impact
Full refunds/ withdrawals/ commuted value/ lump sums	79%	97%	
Transfers-out	21%	3%	increasing
Total refunds, withdrawals, and transfers-out	100%	100%	

## 3. Additional work per withdrawal and transfer-out

Causes of additional work	You	Peer Avg	Cost Impact
Written estimates for refunds, withdrawals, and transfers-out as a % of refunds, withdrawals, and transfers-out	115%	124%	decreasing
Do you pay a one-time death payment when a member, retiree or the retiree's beneficiary dies (separate from the survivor pension)?	Yes	75%Yes	increasing

## 1D Purchases and Transfers-in

Your purchases and transfers-in cost per purchase and transfer-in was \$447.93. This was \$249.27 above the peer median of \$198.66. The biggest reason why was that you completed fewer purchases and transfers-in per direct FTE (productivity).



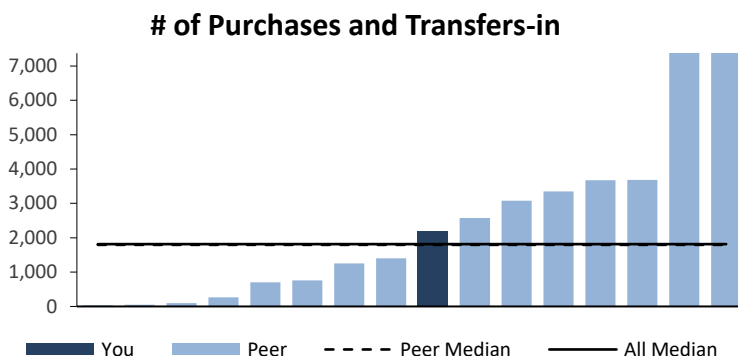
Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Purchase and Transfer-in
Higher salaries and benefits per direct FTE	\$120,594	\$88,990	\$114.82
Fewer purchases and transfers-in per direct FTE (productivity)	275	409	\$143.20
Higher third party costs per purchase and transfer-in	\$9.81	\$7.01	\$2.80
Unexplained <sup>1</sup>			-\$11.55
<b>Cost per purchase and transfer-in</b>	<b>\$447.93</b>	<b>\$198.66</b>	<b>\$249.27</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

# 1D Purchases and Transfers-in - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale advantage. Your 2,187 purchases and transfers-in was 22% higher than the peer median of 1,794.



## 2. Mix of activity volume

Individual transfers-in tend to be more work than a service credit purchase because they require co-ordination with another pension system and its rules.

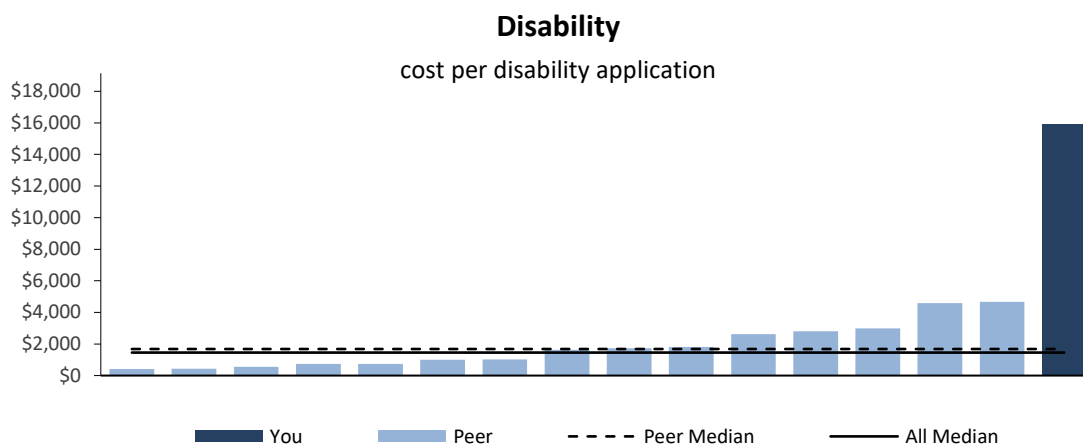
Activity Volume: % by Type	You	Peer Avg	Cost Impact
Service credit purchases	72%	92%	
Upgrades to improve pensionable salary	0%	0%	
Upgrades to a new retirement formula	9%	6%	
Individual transfers-in from external defined benefit systems	19%	3%	increasing
<b>Total purchases and transfers-in</b>	<b>100%</b>	<b>100%</b>	

## 3. Additional work per purchase and transfer-in

Causes of additional work	You	Peer Avg	Cost Impact
Written estimates for purchases and transfers-in as a % of purchases and transfers-in	122%	349%	decreasing
Installment payments permitted	Yes	75%Yes	increasing

## 1E Disability

Your disability cost per disability application was \$15,953.62. This was \$14,272.03 above the peer median of \$1,681.59.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Disability Application
Higher salaries and benefits per direct FTE	\$168,329	\$87,633	\$5,834.96
Fewer disability applications per direct FTE (productivity)	14	84	\$10,158.28
Higher third party costs per disability application	\$3,782.14	\$409.60	\$3,372.54
Unexplained <sup>1</sup>			-\$5,093.75
<b>Cost per disability application</b>	<b>\$15,953.62</b>	<b>\$1,681.59</b>	<b>\$14,272.03</b>

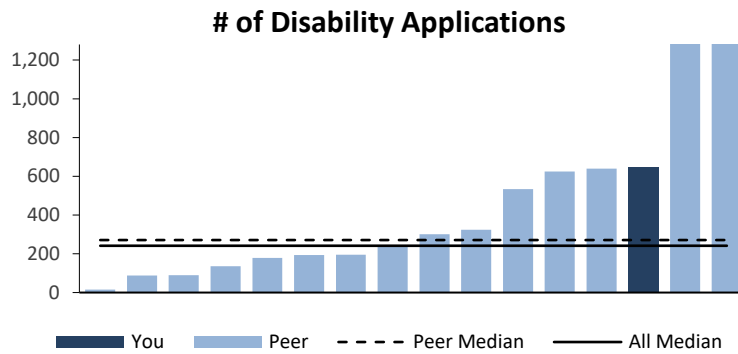
1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).



# 1E Disability - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale advantage. Your 650 disability applications was 140% higher than the peer median of 271.



## 2. Mix of activity volume

Processing long-term disability applications tends to be more work than short-term disability applications.

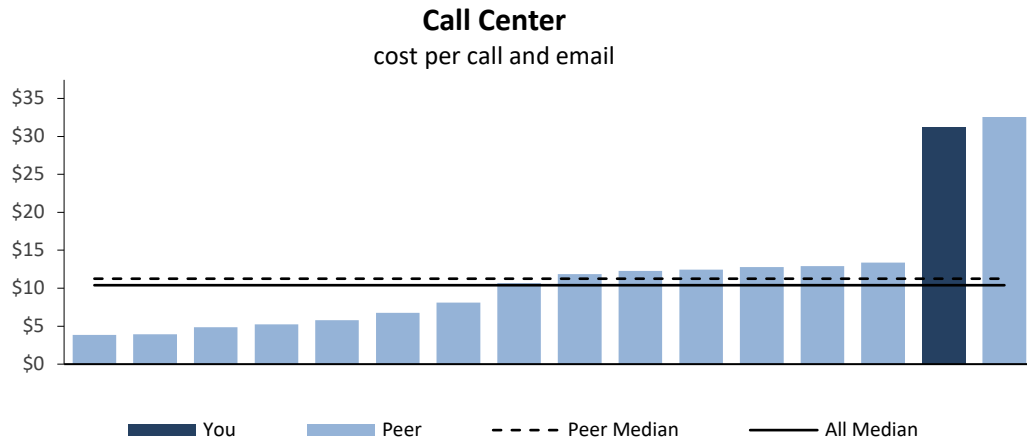
Activity Volume: % by Type	You	Peer Avg	Cost Impact
Applications for short-term disability	0%	11%	
Applications for disability pensions/ long-term disability/ disability lump sums	100%	89%	increasing
Total disability applications	100%	100%	

## 3. Additional work per disability application

Causes of additional work	You	Peer Avg	Cost Impact
Independent decision process (versus following the ruling of an employer or social security, etc)	Yes	100%Yes	neutral
Recertifications as a % of disability applications	0%	374%	decreasing
Recertifications as a % of disability recipients	0%	27%	decreasing
Medical exams paid for by you as a % of disability applications	105%	21%	increasing
New member health reviews as a % of disability applications	0%	42%	decreasing
Disability decision appeals as a % of disability applications	6%	4%	increasing
Occupational disability as a % of disability applications	96%	24%	increasing
Disability complexity score (out of 100)	67	69	decreasing

## 2A Call Center

Your call center cost per call and email was \$31.21. This was \$19.95 above the peer median of \$11.26. The biggest reason why was that you completed fewer calls and emails per direct FTE (productivity).



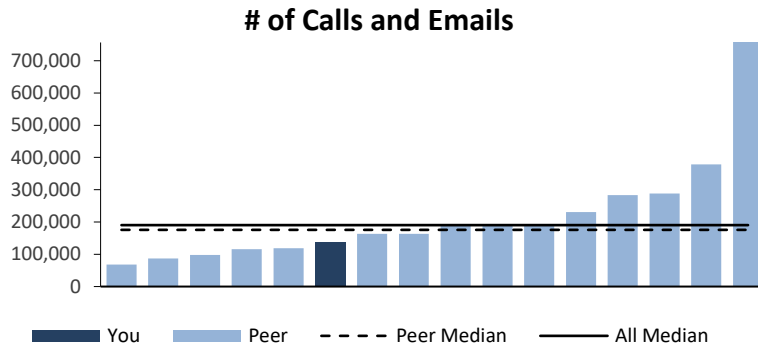
Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Call and Email
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$98,969	\$80,744	\$5.61
Fewer calls and emails per direct FTE (productivity)	3,251	9,301	\$19.80
Higher third party costs per call and email	\$0.77	\$0.21	\$0.56
Unexplained <sup>1</sup>			-\$6.01
<b>Cost per call and email</b>	<b>\$31.21</b>	<b>\$11.26</b>	<b>\$19.95</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

## 2A Call Center - Factors that impact productivity

### 1. Economies of scale

You had an economy of scale disadvantage. Your 138,507 calls and emails was 21% lower than the peer median of 175,753.

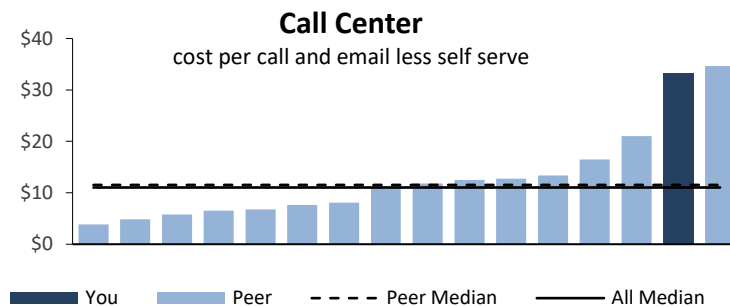


### 2. Mix of activity volume

Calls satisfied by self-serve options are close to zero cost, thus a lower proportion of self-serve calls result in an increased cost per call.

Activity Volume: % by Type	You	Peer Avg	Cost Impact
Incoming calls that reach service representatives	79%	75%	
Outgoing calls from service representatives	4%	7%	
Calls satisfied by self-serve options	6%	10%	increasing
Email queries from members	11%	9%	
<b>Total calls and emails</b>	<b>100%</b>	<b>100%</b>	

If self-serve calls were excluded from volumes, your cost per active member and annuitant would have increased to \$33.23. This would have been above the peer median cost of \$11.54.



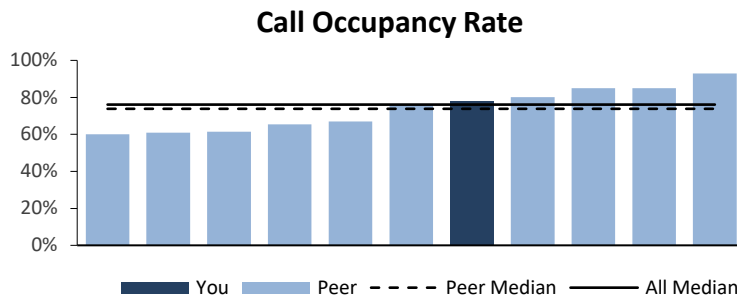
## 2A Call Center - Factors that impact productivity

continued

### 3. Additional work per call and email

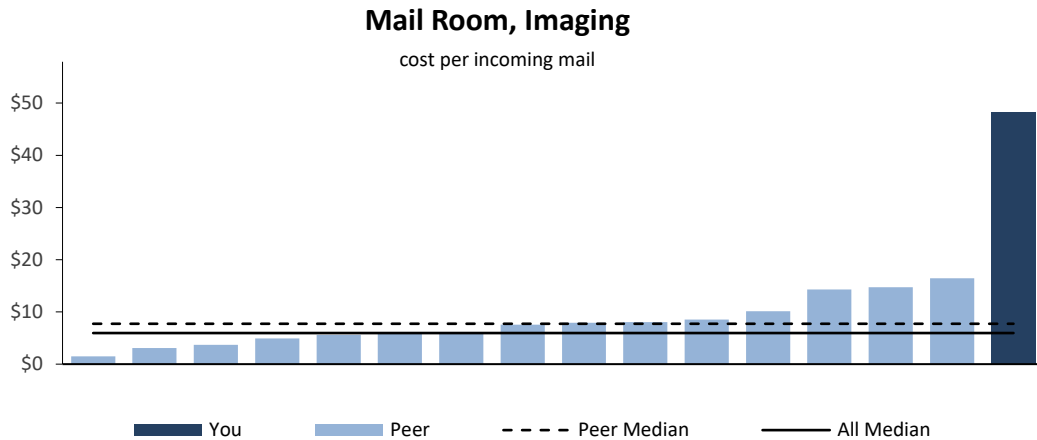
Causes of additional work	You	Peer Avg	Cost Impact
Average talk time of a member call (in seconds)	446	313	increasing
Average after call work time (in seconds)	205	83	increasing
Do you regularly review staff responses to member calls?	Yes	81%Yes	increasing

Occupancy rate is frequently used to measure productivity in a call center. A high occupancy rate implies an efficient use of staff, and low occupancy, the opposite. However, if occupancy is too high, your staff may be overworked, leading to undesired call-handling behavior and high staff turnover rate. Call centers handling larger volumes of calls will also be more efficient than smaller ones because of economies of scale.



## 2B Mail Room, Imaging

Your mail room, imaging cost per incoming mail was \$48.25. This was \$40.52 above the peer median of \$7.73. The biggest reason why was that you had higher third party costs per incoming mail.



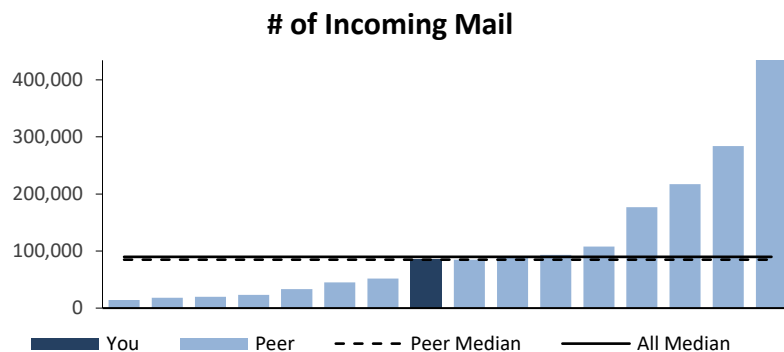
Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Incoming Mail
Higher salaries and benefits per direct FTE	\$98,057	\$64,614	\$7.50
Fewer incoming mail per direct FTE (productivity)	4,462	11,856	\$13.71
Higher third party costs per incoming mail	\$26.27	\$1.20	\$25.07
Unexplained <sup>1</sup>			-\$5.75
<b>Cost per incoming mail</b>	<b>\$48.25</b>	<b>\$7.73</b>	<b>\$40.52</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

## 2B Mail Room, Imaging - Factors that impact productivity

### 1. Economies of scale

You had an economy of scale disadvantage. Your 84,841 incoming mail was 0.0% lower than the peer median of 84,876.

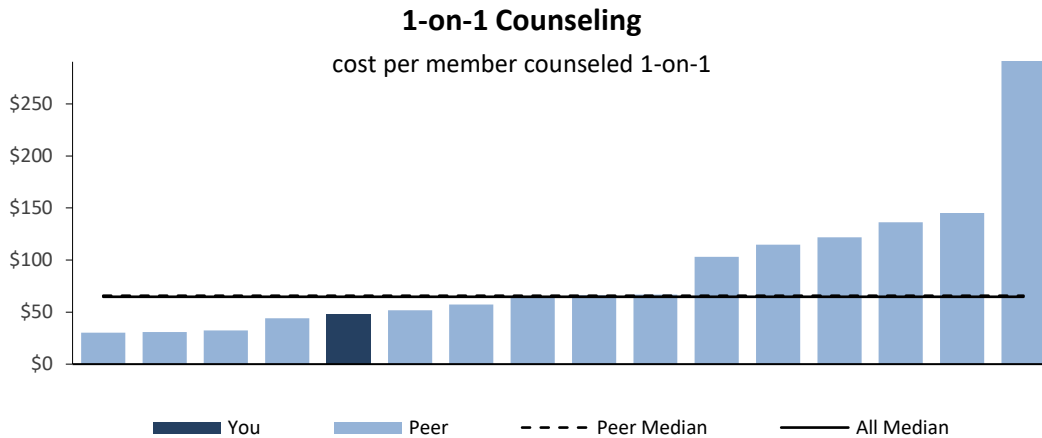


### 2. Additional work per incoming mail

Causes of additional work	You	Peer Avg	Cost Impact
Outgoing mail as a % of incoming mail (Outgoing mail is not included in activity volume. But it can add work if the mailroom is responsible for outgoing mail).	286%	710%	decreasing
Do you use imaging technology?	Yes	100%Yes	neutral
If yes: a) Do you keep images of ALL incoming member correspondence and submitted forms?	Yes	94%Yes	increasing

## 2C 1-on-1 Counseling

Your 1-on-1 counseling cost per member counseled 1-on-1 was \$48.09. This was \$17.66 below the peer median of \$65.75. The biggest reason why was that you completed more members counseled 1-on-1 per direct FTE (productivity).



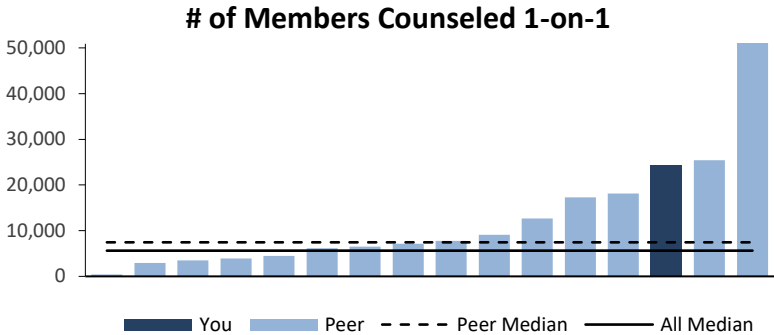
Reasons why your cost was below median	Comparison		Impact <sup>1</sup> \$s per Member Counseled 1-on-1
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$133,307	\$88,511	\$15.86
More members counseled 1-on-1 per direct FTE (productivity)	2,824	1,265	-\$58.17
Lower third party costs per member counseled 1-on-1	\$0.88	\$2.28	-\$1.40
Unexplained <sup>1</sup>			\$26.05
<b>Cost per member counseled 1-on-1</b>	<b>\$48.09</b>	<b>\$65.75</b>	<b>-\$17.66</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

# 2C 1-on-1 Counseling - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale advantage. Your 24,348 members counseled 1-on-1 was 227% higher than the peer median of 7,455.



## 2. Mix of activity volume

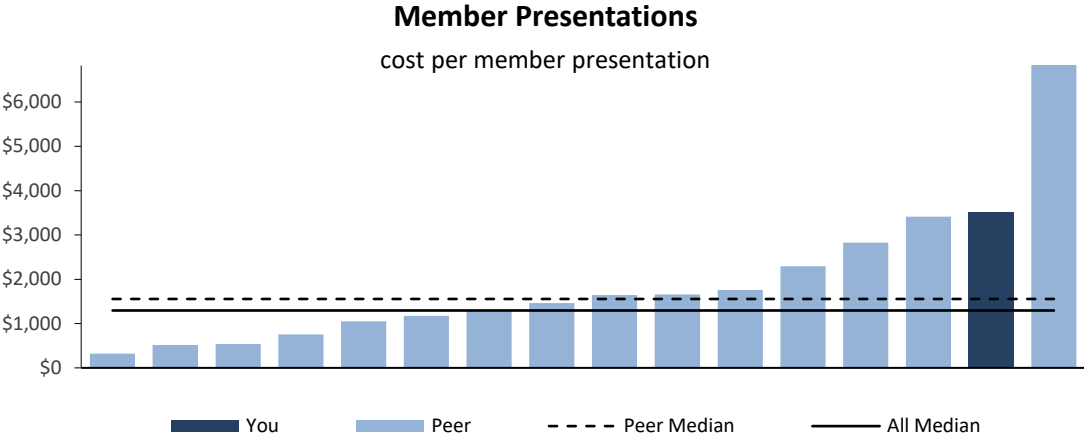
Counseling in field locations is more costly than counseling in-house.

Activity Volume: % by Type	You	Peer Avg	Cost Impact
In-house	67%	51%	increasing
In the field	27%	35%	decreasing
Via teleconference	5%	9%	decreasing
Via videoconference	1%	5%	decreasing
<b>Total members counseled 1-on-1</b>	<b>100%</b>	<b>100%</b>	



## 2D Member Presentations

Your member presentations cost per member presentation was \$3,515.95. This was \$1,960.91 above the peer median of \$1,555.04. The biggest reason why was that you completed fewer member presentations per direct FTE (productivity).



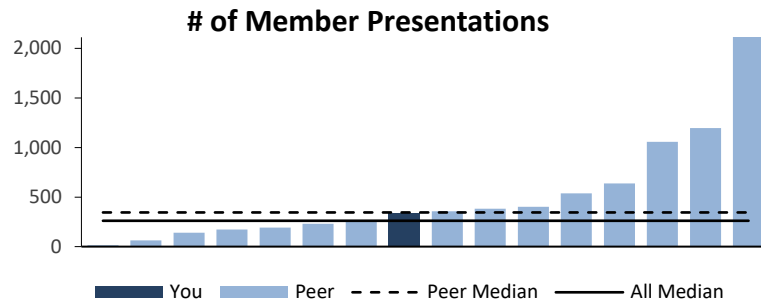
Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Member Presentation
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$133,307	\$91,759	\$1,075.74
Fewer member presentations per direct FTE (productivity)	39	72	\$1,611.27
Lower third party costs per member presentation	\$64.40	\$80.47	-\$16.07
Unexplained <sup>1</sup>			-\$710.03
<b>Cost per member presentation</b>	<b>\$3,515.95</b>	<b>\$1,555.04</b>	<b>\$1,960.91</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

## 2D Member Presentations - Factors that impact productivity

### 1. Economies of scale

You had an economy of scale disadvantage. Your 333 member presentations was 3% lower than the peer median of 345.



### 2. Mix of activity volume

Presentations and group counseling in field locations are more costly than in-house.

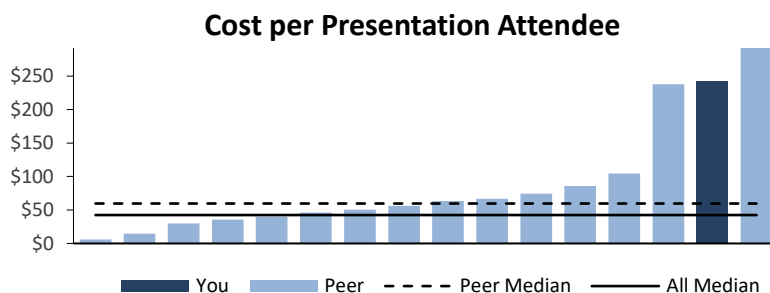
Member Presentations by Location	You	Peer Avg	Cost Impact
In-house and webcast	23%	27%	
In the field	38%	61%	decreasing
Benefit fairs	38%	12%	
<b>Total presentations and group counseling</b>	<b>100%</b>	<b>100%</b>	

### 3. Additional work per member presentation

If you have more attendees per presentation, then the cost per attendee will be lower and the volume of member presentations per FTE will be higher. You had an average of 14 attendees per presentation, versus a peer average of 28.

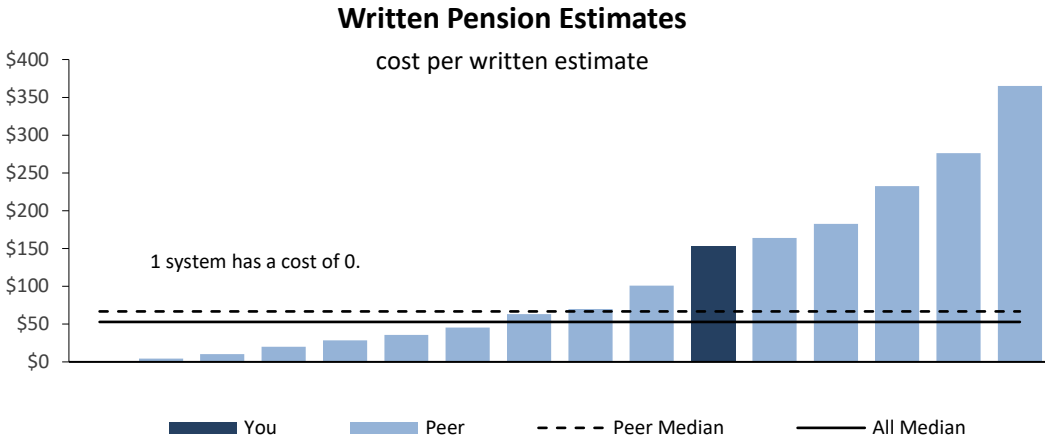
Causes of additional work	You	Peer Avg	Cost Impact
Average attendees per presentation	14	28	increasing

An alternative way of analyzing this activity's cost is on a 'per attendee' basis. Your cost per presentation attendee was \$243. This was above the peer median cost of \$60.



## 2E Written Pension Estimates

Your written pension estimates cost per written estimate was \$152.56. This was \$85.80 above the peer median of \$66.76. The biggest reason why was that you had higher salaries and benefits per direct FTE.



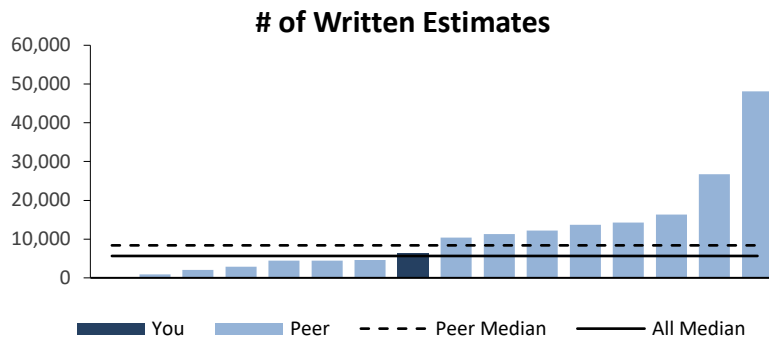
Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Written Estimate
Higher salaries and benefits per direct FTE	\$120,594	\$87,042	\$41.52
Fewer written estimates per direct FTE (productivity)	808	1,086	\$38.13
Higher third party costs per written estimate	\$3.34	\$0.50	\$2.84
Unexplained <sup>1</sup>			\$3.31
<b>Cost per written estimate</b>	<b>\$152.56</b>	<b>\$66.76</b>	<b>\$85.80</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

## 2E Written Pension Estimates - Factors that impact productivity

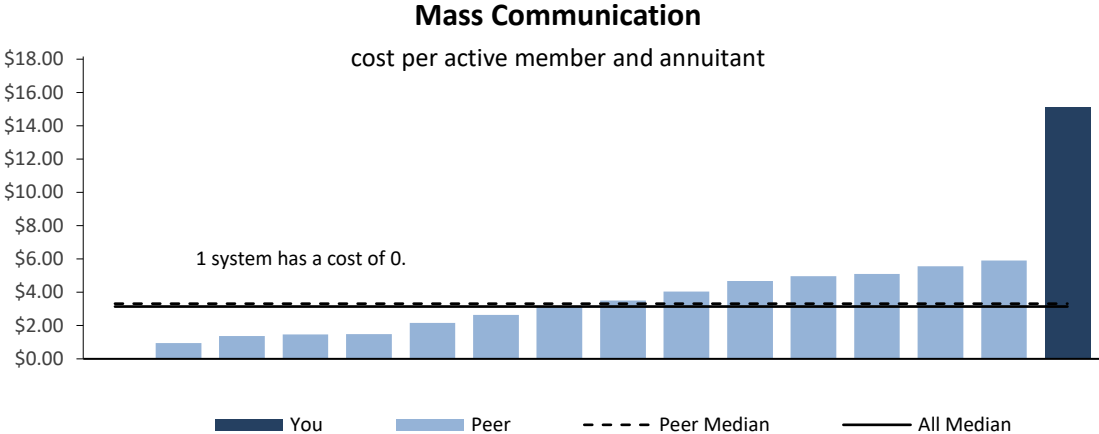
### 1. Economies of scale

You had an economy of scale disadvantage. Your 6,421 written estimates was 23% lower than the peer median of 8,390.



## 2F Mass Communication

Your mass communication cost per active member and annuitant was \$15.13. This was \$11.82 above the peer median of \$3.31.



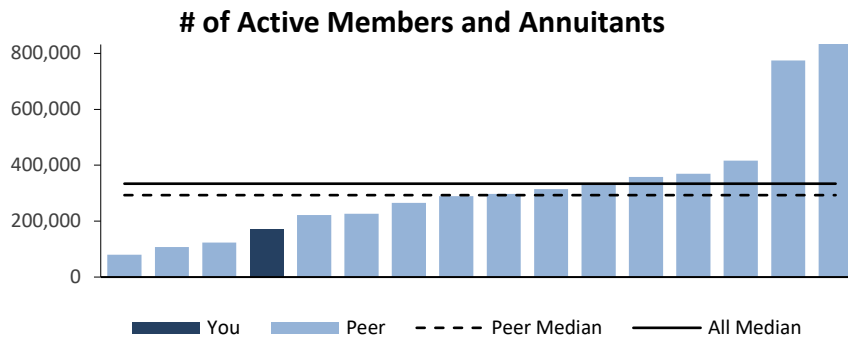
Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$138,705	\$99,691	\$2.73
More direct FTE per 10,000 active members and annuitants (productivity) <sup>2</sup>	0.70	0.14	\$7.79
Higher third party costs per active member and annuitant	\$5.43	\$0.90	\$4.53
Unexplained <sup>1</sup>			-\$3.23
<b>Cost per active member and annuitant</b>	<b>\$15.13</b>	<b>\$3.31</b>	<b>\$11.82</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).  
 2. You had 11.9 mass communication FTE which was 173% more than the peer median of 4.4. The percentage difference was less favorable on a 'per active members and annuitants' basis (your 0.70 FTE per 10,000 active members and annuitants was 407% more than the peer median of 0.14) because you had an economy of scale disadvantage.

## 2F Mass Communication - Factors that impact productivity

### 1. Economies of scale

You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42% lower than the peer median of 293,011.

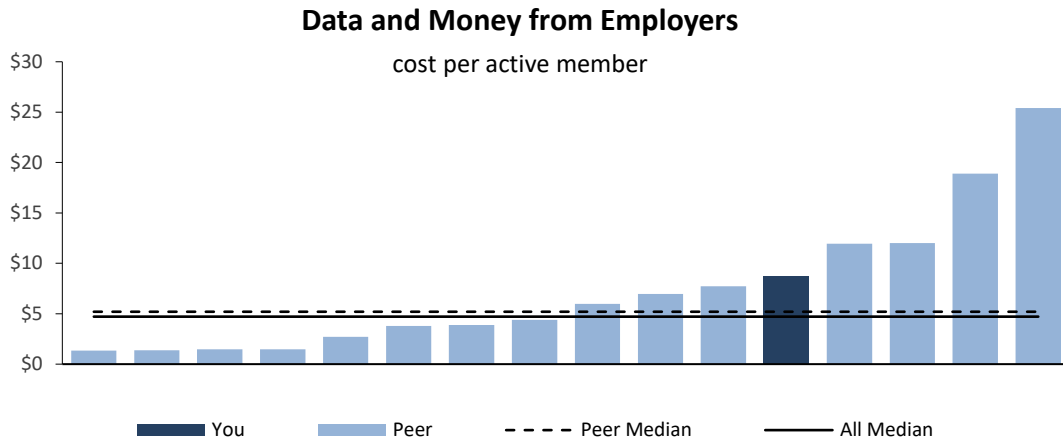


### 2. Additional mass communication work per active member and annuitant

Causes of additional work	You	Peer Avg	Cost Impact
Website Service Score (out of 100) - Generally, the higher the score, the more time communication staff spends on design and maintenance of the site.	76	67	increasing
Times per year you send newsletters to:			
a) All members (active, inactive and annuitants)?	0.0	0.9	decreasing
b) Active and inactive members?	0.0	1.8	decreasing
c) Active members and annuitants?	0.0	n/a	
d) Active members only?	4.0	1.8	increasing
e) Inactive members only?	0.0	0.1	decreasing
f) Annuitants only?	4.0	3.1	increasing
g) Age segments (i.e., under 35, 35-50, 50 plus)?	0.0	1.1	decreasing
h) Women only or men only?	0.0	n/a	
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	0.0	1.8	decreasing
j) Other? (describe your other newsletter segments below)	0.0	1.4	decreasing
Times per year you send member statements to:			
a) Active members?	1.0	1.5	decreasing
b) Inactive members?	1.0	1.2	decreasing
% of member statements mailed to active members' homes	100%	58%	increasing
Do you send:			
a) Welcome kits to new members?	Yes	69%Yes	increasing
b) Brochure summarizing benefits to active members every year?	No	38%Yes	decreasing

### 3A Data and Money from Employers

Your data and money from employers cost per active member was \$8.67. This was \$3.47 above the peer median of \$5.20. The biggest reason why was that you had higher salaries and benefits per direct FTE.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Active Member
Higher salaries and benefits per direct FTE	\$118,014	\$86,504	\$2.29
More direct FTE per 10,000 active members (productivity) <sup>2</sup>	0.43	0.32	\$1.32
Lower third party costs per active member	\$0.08	\$0.18	-\$0.10
Unexplained <sup>1</sup>			-\$0.05
<b>Cost per active member</b>	<b>\$8.67</b>	<b>\$5.20</b>	<b>\$3.47</b>

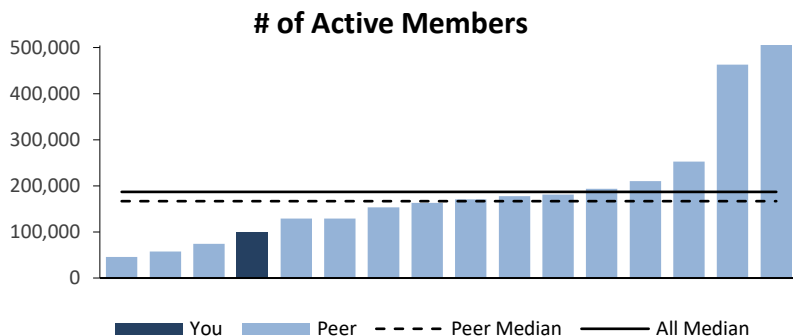
1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).
2. You had 7.3 data and money from employers FTE which was 10% more than the peer median of 6.6. The percentage difference was less favorable on a 'per active members' basis (your 0.43 FTE per 10,000 active members was 35% more than the peer median of 0.32) because you had an economy of scale disadvantage.

CEM uses active members as the divisor of this activity's cost. For systems with few employers, active members is the better predictor of cost whereas for systems with numerous employers the number of employers is the better predictor. Therefore, on the following page we show the number of employers as a divisor to provide an alternate cost comparison.

### 3A Data and Money from Employers - Factors that impact productivity

#### 1. Economies of scale

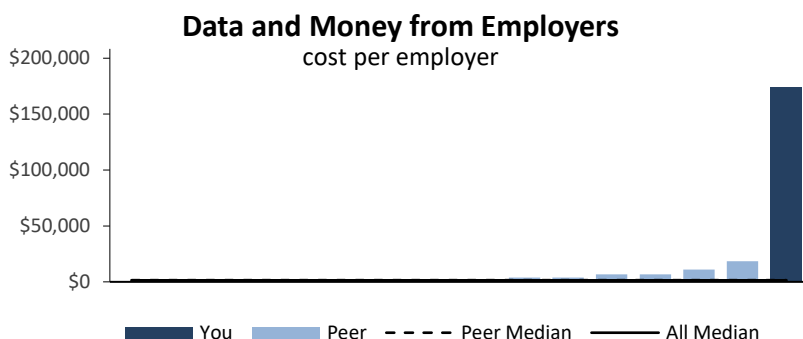
You had an economy of scale disadvantage. Your 100,115 active members was 40% lower than the peer median of 166,748.



#### 2. Additional data and money from employers work per active member

Causes of additional work	You	Peer Avg	Cost Impact
How many 'reconciliation points' (i.e., employers, state agencies, departments and/or service providers, etc.) do you deal with when:			
• Validating member data? (as a % of active members)	0.0%	0.6%	decreasing
• Reconciling money issues? (as a % of active members)	0.0%	0.5%	decreasing
Active members whose data is provided in paper format (as a % of active members)	0.0%	0.0%	neutral
Status changes as a % of active members			
• New active members	5.4%	8.5%	decreasing
• Re-hired inactive members	0.1%	1.9%	decreasing
• Re-hired service retirees, if annuity stops	0.0%	0.3%	decreasing
• Active members exiting to inactive or withdrawal	1.5%	5.5%	decreasing
• Active member service retirements	2.5%	2.9%	decreasing

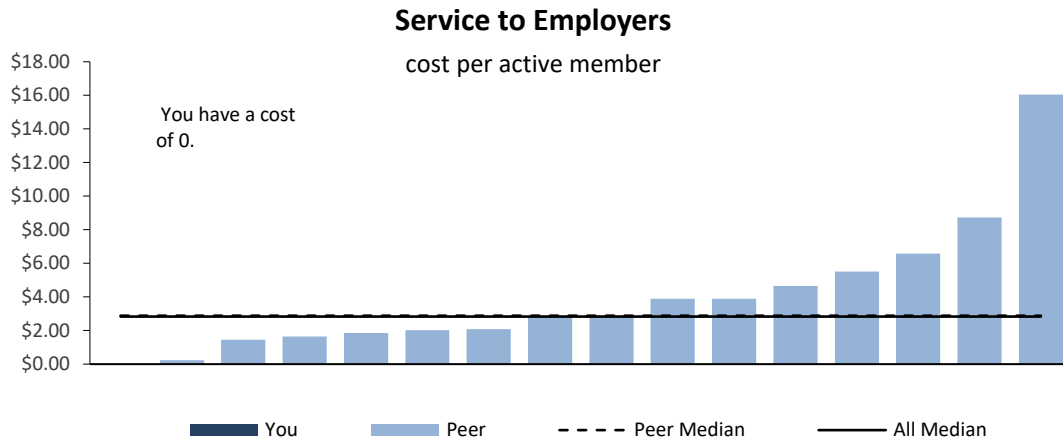
#### 3. Alternate cost drivers: Data and money from employers cost per employer





### 3B Service to Employers

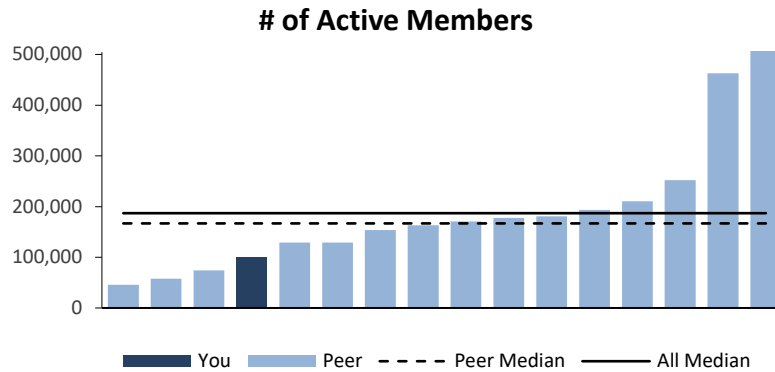
You have no cost for this activity. The peer median cost was \$2.88.



## 3B Service to Employers - Factors that impact productivity

### 1. Economies of scale

You had an economy of scale disadvantage. Your 100,115 active members was 40% lower than the peer median of 166,748.

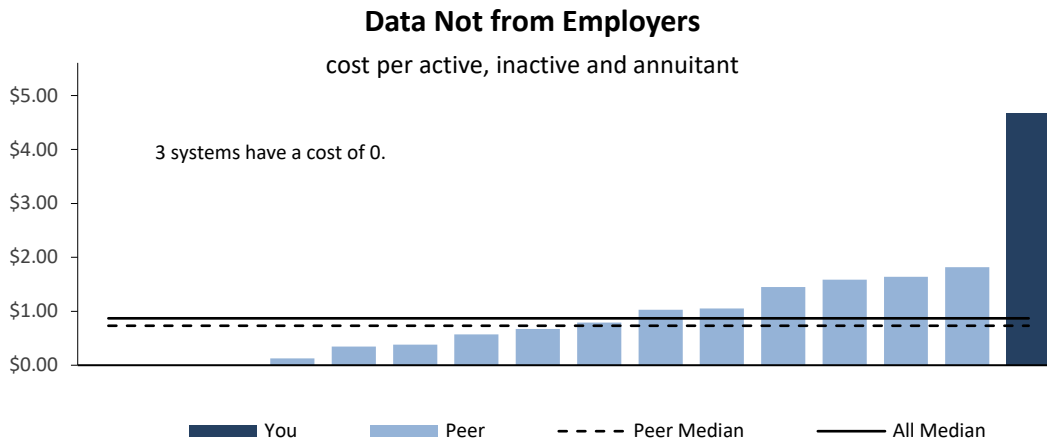


### 2. Additional service to employers work per active member

Causes of additional work	You	Peer Avg	Cost Impact
How many 'reconciliation points' (i.e., employers, state agencies, departments and/or service providers, etc.) do you deal with when:			
• Validating member data? (as a % of active members)	0.0%	0.6%	decreasing
• Reconciling money issues? (as a % of active members)	0.0%	0.5%	decreasing
Service transactions a % of active members:			
a) Incoming calls from employers?	0.0%	8.7%	decreasing
b) Email queries from employers?	0.0%	14.4%	decreasing
c) Conferences for employers?	0.0%	0.0%	neutral
d) Presentations given to employers such as orientation workshops or seminars on benefit changes, etc?	0.0%	0.0%	neutral
e) On-site reviews (or audits or inspections) of your employers? [For example, several systems perform reviews of their employers that have problems providing data and or contributions on a timely basis to ensure that they are correctly fulfilling their obligations to their members.]	0.0%	0.0%	neutral
f) Other site visits to employers [exclude 'd' and 'e' above]?	0.0%	0.0%	neutral

### 3C Data Not from Employers

Your data not from employers cost per active, inactive and annuitant was \$4.67. This was \$3.94 above the peer median of \$0.73. The biggest reason why was that you had more direct FTE per 10,000 actives, inactives, annuitants (productivity)<sup>2</sup>.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active, Inactive and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$118,014	\$96,003	\$0.86
More direct FTE per 10,000 actives, inactives, annuitants (productivity) <sup>2</sup>	0.43	0.19	\$2.87
Higher third party costs per active, inactive and annuitant	\$0.04	\$0.02	\$0.03
Unexplained <sup>1</sup>			\$0.18
<b>Cost per active, inactive and annuitant</b>	<b>\$4.67</b>	<b>\$0.73</b>	<b>\$3.94</b>

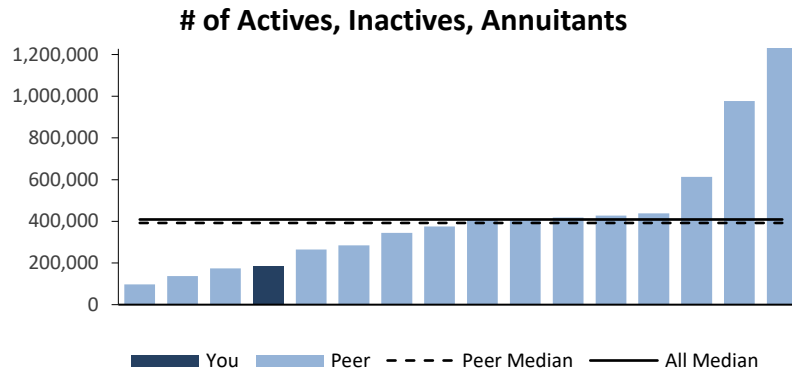
1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

2. You had 7.3 data not from employers FTE which was 49% more than the peer median of 4.9. The percentage difference was less favorable on a 'per actives, inactives, annuitants' basis (your 0.43 FTE per 10,000 actives, inactives, annuitants was 131% more than the peer median of 0.19) because you had an economy of scale disadvantage.

# 3C Data Not from Employers - Factors that impact productivity

## 1. Economies of scale

You had an economy of scale disadvantage. Your 185,823 actives, inactives, annuitants was 53% lower than the peer median of 391,968.

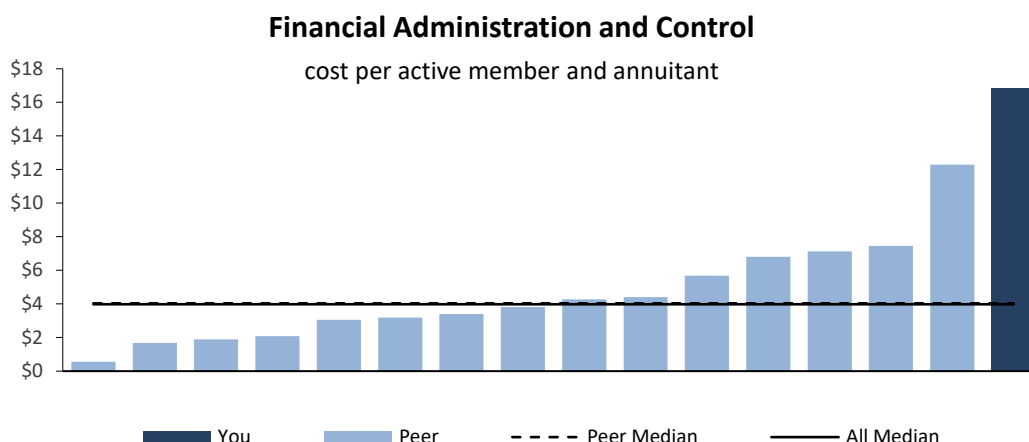


## 2. Additional data not from employers work per active, inactive and annuitant

Causes of additional work	You	Peer Avg	Cost Impact
Do you actively keep track of the addresses of inactive members?	Yes	88%Yes	increasing
If yes, inactive members as a % of actives, inactives, annuitants	8.6%	21.1%	decreasing
Status changes as a % of actives, inactives, annuitants:			
• Deaths	0.1%	0.1%	neutral

## 4A Financial Administration and Control

Your financial administration and control cost per active member and annuitant was \$16.82. This was \$12.78 above the peer median of \$4.04.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$125,974	\$102,292	\$3.07
More direct FTE per 10,000 active members and annuitants (productivity) <sup>2</sup>	1.30	0.36	\$11.76
Higher third party costs per active member and annuitant	\$2.36	\$0.46	\$1.90
Unexplained <sup>1</sup>			-\$3.95
<b>Cost per active member and annuitant</b>	<b>\$16.82</b>	<b>\$4.04</b>	<b>\$12.78</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

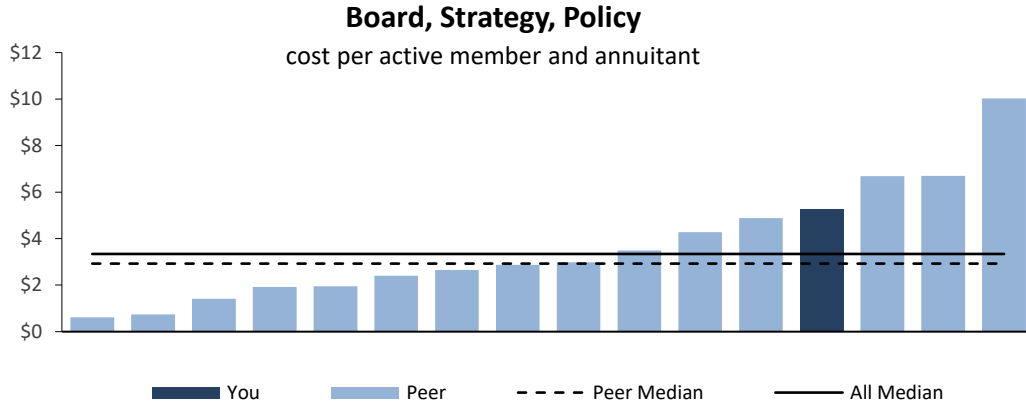
2. You had 22.0 financial administration and control FTE which was 94% more than the peer median of 11.4. The percentage difference was less favorable on a 'per active members and annuitants' basis (your 1.30 FTE per 10,000 active members and annuitants was 258% more than the peer median of 0.36) because you had an economy of scale disadvantage.

Usually, the biggest reason for differences in this activity's cost is the number of financial administration and control FTE per 10,000 members. Two key reasons for differences in FTE per 10,000 (and/or third party costs) are:

- Economies of scale - You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42% lower than the peer median of 293,011.
- Doing more/less - For example, some systems have more extensive budgeting than others.

## 4B Board, Strategy, Policy

Your board, strategy, policy cost per active member and annuitant was \$5.28. This was \$2.35 above the peer median of \$2.93.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$276,757	\$154,231	\$2.16
More direct FTE per 10,000 active members and annuitants (productivity) <sup>2</sup>	0.18	0.16	\$0.37
Higher third party costs per active member and annuitant	\$0.97	\$0.73	\$0.24
Unexplained <sup>1</sup>			-\$0.42
<b>Cost per active member and annuitant</b>	<b>\$5.28</b>	<b>\$2.93</b>	<b>\$2.35</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

2. You had 3.0 board, strategy, policy FTE which was 15% less than the peer median of 3.6. The difference changes direction and was less favorable on a 'per active members and annuitants' basis (your 0.18 board, strategy, policy FTE per 10,000 active members and annuitants was 8% more than the peer median of 0.16) because you had an economy of scale disadvantage.

Usually, the biggest reason for differences in this activity's cost is the number of board, strategy, policy FTE per 10,000 members. Two key reasons for differences in FTE per 10,000 (and/or third party costs) are:

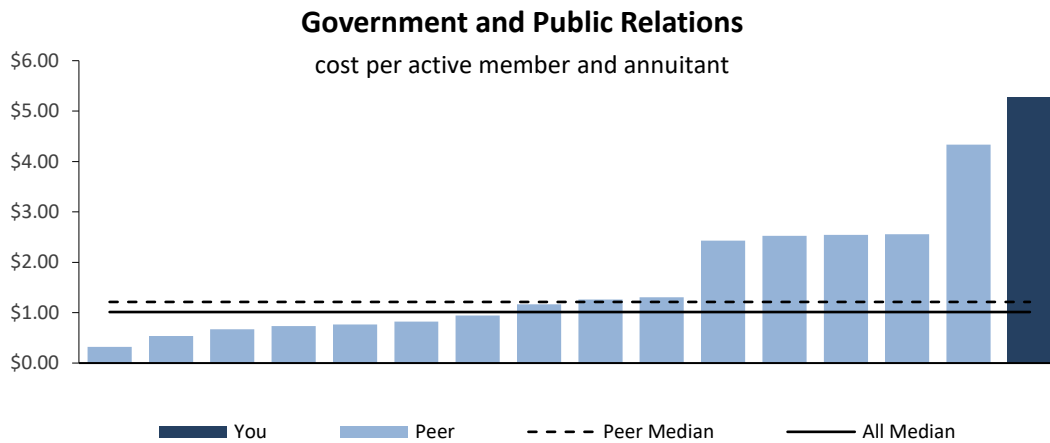
- Economies of scale - You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42% lower than the peer median of 293,011.
- Doing more/less - For example, your 68 oversight meetings last year was above the peer median of 20.

# of meetings last year, including sub-committees	You	Peer	
		Median *	Peer Avg
a) Board of Trustees?	68	14	19.9
b) Non-board legislative oversight committee?	n/a	3	1.8
c) Advisory committee?	n/a	5	1.3
d) Members' Council?	n/a	n/a	n/a
e) Other?	n/a	4	2.0
<b>Total</b>	<b>68</b>	<b>20</b>	<b>25</b>

\* Peer medians will not add to the total. Only averages are additive.

## 4C Government and Public Relations

Your government and public relations cost per active member and annuitant was \$5.28. This was \$4.07 above the peer median of \$1.21.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$276,757	\$135,174	\$2.50
More direct FTE per 10,000 active members and annuitants (productivity) <sup>2</sup>	0.18	0.08	\$2.72
Higher third party costs per active member and annuitant	\$0.97	\$0.13	\$0.85
Unexplained <sup>1</sup>			-\$1.99
<b>Cost per active member and annuitant</b>	<b>\$5.28</b>	<b>\$1.21</b>	<b>\$4.07</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

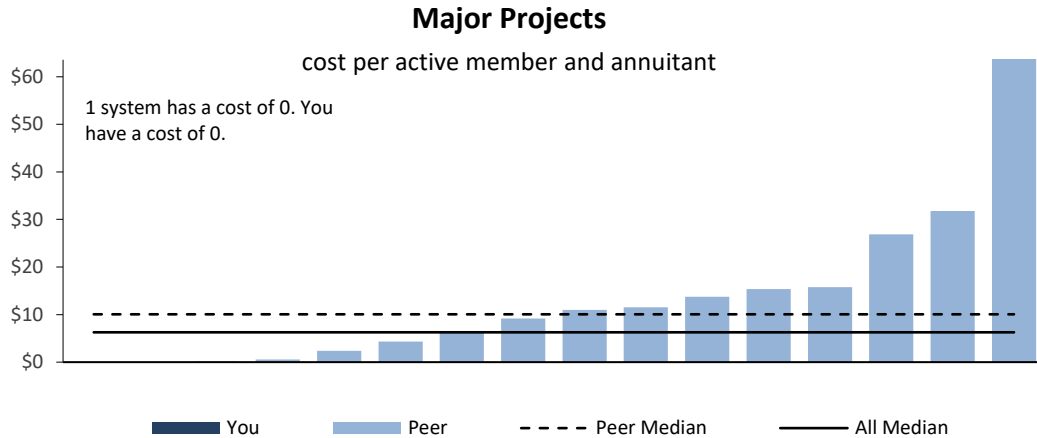
2. You had 3.0 government and public relations FTE which was 34% more than the peer median of 2.2. The percentage difference was less favorable on a 'per active members and annuitants' basis (your 0.18 FTE per 10,000 active members and annuitants was 125% more than the peer median of 0.08) because you had an economy of scale disadvantage.

Usually, the biggest reason for differences in this activity's cost is the number of government and public relations FTE per 10,000 members. Two key reasons for differences in FTE per 10,000 (and/or third party costs) are:

- Economies of scale - You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42% lower than the peer median of 293,011.
- Doing more/less - For example, some systems do not have any government relations staff.

## 5A-D Major Projects

You have no cost for this activity. The peer median cost was \$10.06. This comparison includes both '5A and 5C Amortized major projects' plus '5B and 5D Major Projects (if you don't capitalize)'.



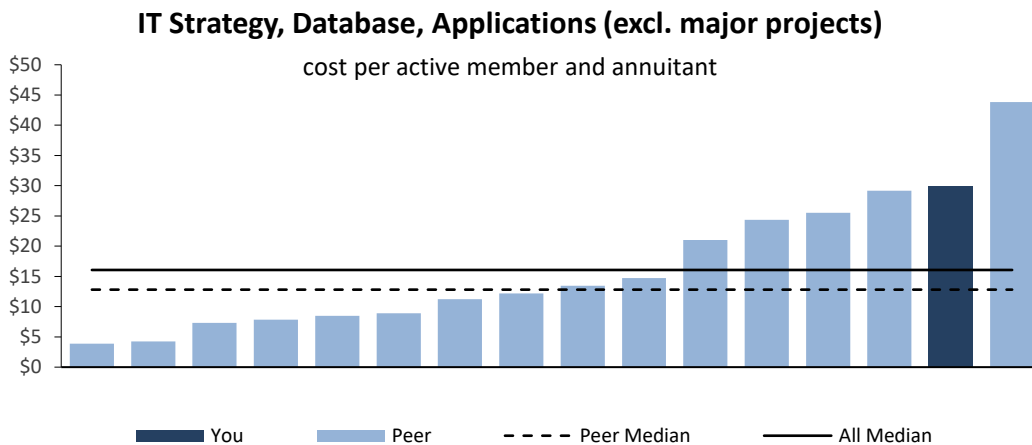
Reasons for differences in the cost for major projects include:

- Economies of scale - Scale is particularly important for major projects because of the substantial fixed costs of developing the IT infrastructure necessary for pension systems to operate. You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42.0% lower than the peer median of 293,011. Thus you had fewer members over which to spread major projects costs.
- Plan complexity - It is more expensive to develop and maintain IT systems for plans with complex rule sets. Your total plan complexity score was 43 out of 100. This was above the peer median of 36.
- IT investment cycle - If you recently upgraded your IT systems, then your amortization costs will be higher than a system that has not upgraded their IT systems since 1990.
- Capitalization - Systems that do not capitalize major project costs will have more variable major project costs. Systems that only recently started capitalizing major projects costs will have lower costs than systems that have been capitalizing for a long time.



## 6A IT Strategy, Database Management and Applications (excl. major projects)

Your IT strategy, database, applications (excl. major projects) cost per active member and annuitant was \$29.92. This was \$17.11 above the peer median of \$12.81. The biggest reason why was that you had higher third party costs per active member and annuitant.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Higher salaries and benefits per direct FTE	\$179,425	\$121,018	\$6.19
More direct FTE per 10,000 active members and annuitants <sup>2</sup>	1.06	0.60	\$8.16
Higher third party costs per active member and annuitant	\$14.21	\$5.62	\$8.59
Unexplained <sup>1</sup>			-\$5.83
<b>Cost per active member and annuitant</b>	<b>\$29.92</b>	<b>\$12.81</b>	<b>\$17.11</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

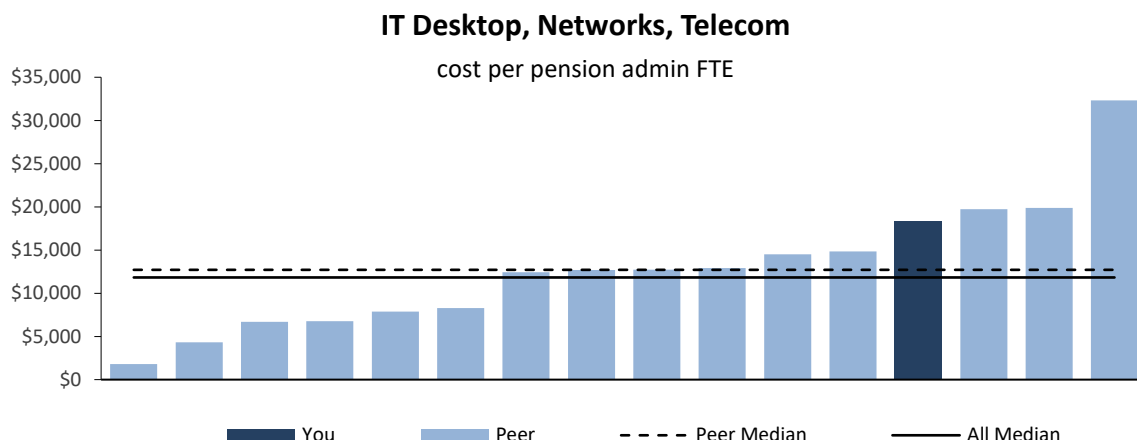
2. You had 18.0 IT strategy, database, applications (excl. major projects) FTE which was 22% more than the peer median of 14.7. The percentage difference was less favorable on a 'per active member and annuitant' basis (your 1.06 FTE per 10,000 active member and annuitant was 75% more than the peer median of 0.60) because you had an economy of scale disadvantage.

Three key reasons for differences in FTE per 10,000 (and/or third party costs) are:

- Economies of scale - Scale is particularly important for IT strategy, database, applications (excl. major projects) because of the substantial fixed costs of maintaining the IT infrastructure necessary for pension systems to operate. You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42.0% lower than the peer median of 293,011. Thus you had fewer members over which to spread IT strategy, database, applications (excl. major projects) costs.
- Plan complexity - It is more expensive to develop and maintain IT systems for plans with complex rule sets. Your total plan complexity score was 43 out of 100. This was above the peer median of 36.
- IT investment cycle

## 6B IT Desktop, Networks, Telecom

Your it desktop, networks, telecom cost per pension admin FTE was \$18,376. This was \$5,668 above the peer median of \$12,708.

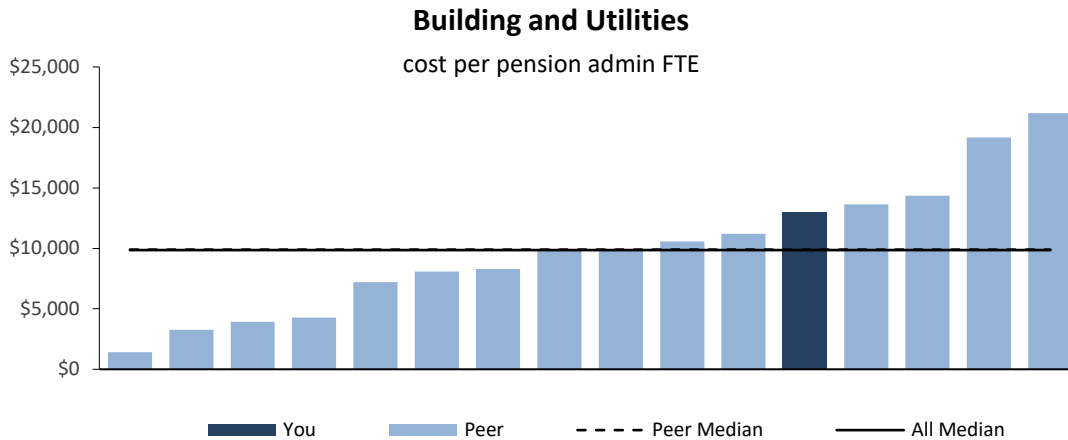


Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Pension Admin FTE
Higher salaries and benefits per direct FTE	\$180,543	\$106,212	\$4,830
More direct FTE per 100 pension admin FTE <sup>2</sup>	6.50	5.04	\$2,626
Higher third party costs per pension admin FTE	\$8,677	\$7,935	\$741
Unexplained <sup>1</sup>			-\$2,529
<b>Cost per pension admin FTE</b>	<b>\$18,376</b>	<b>\$12,708</b>	<b>\$5,668</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).
2. You had 22.0 IT desktop, networks, telecom FTE which was 147% more than the peer median of 8.9. The percentage difference was more favorable on a 'per pension admin FTE' basis (your 6.50 FTE per 100 pension admin FTE was 29% more than the peer median of 5.04) because you had an economy of scale advantage.

## 7A Building and Utilities

Your building and utilities cost per pension admin FTE was \$12,951. This was \$3,056 above the peer median of \$9,895.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Pension Admin FTE
Higher salaries and benefits per direct FTE	\$128,612	\$96,802	\$94
Fewer direct FTE per 100 pension admin FTE <sup>2</sup>	0.30	0.61	-\$406
Higher third party costs per pension admin FTE	\$14,003	\$9,010	\$4,993
Unexplained <sup>1</sup>			-\$1,625
<b>Cost per pension admin FTE</b>	<b>\$12,951</b>	<b>\$9,895</b>	<b>\$3,056</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

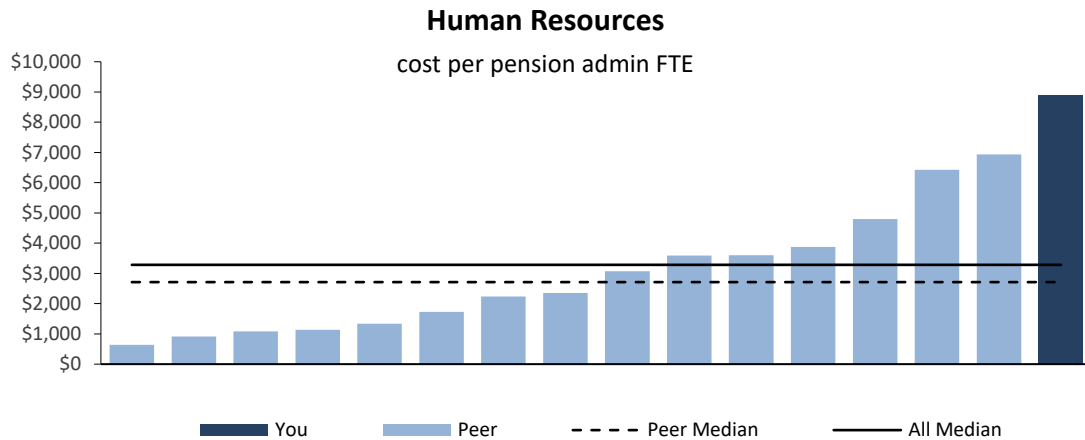
2. You had 1.0 building and utilities FTE which was 17% less than the peer median of 1.2. The percentage difference was more favorable on a 'per pension admin FTE' basis (your 0.30 FTE per 100 pension admin FTE was 52% less than the peer median of 0.61) because you had an economy of scale advantage.

The biggest reason for differences in building cost is usually differences in third party and other costs (i.e., rent, lease, building and office depreciation, utilities). Reasons why these costs differ include:

- Quality of the building
- Non-market pricing on property provided by the government
- Cost environment
- Square feet of workspace per FTE

## 7B Human Resources

Your human resources cost per pension admin FTE was \$8,879. This was \$6,166 above the peer median of \$2,713.



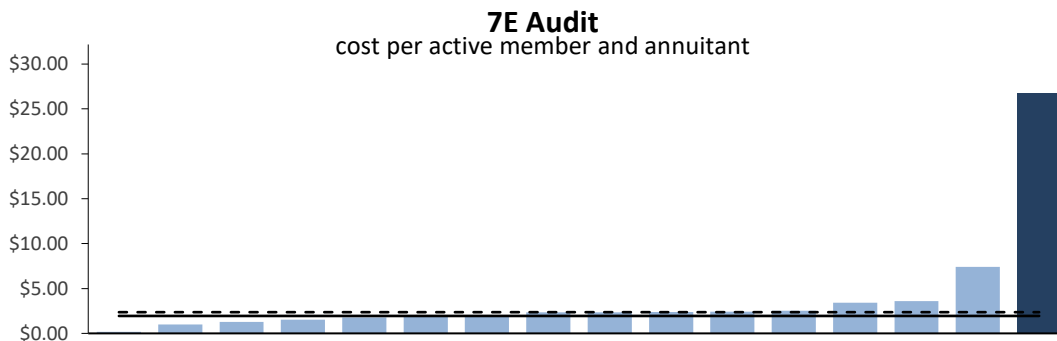
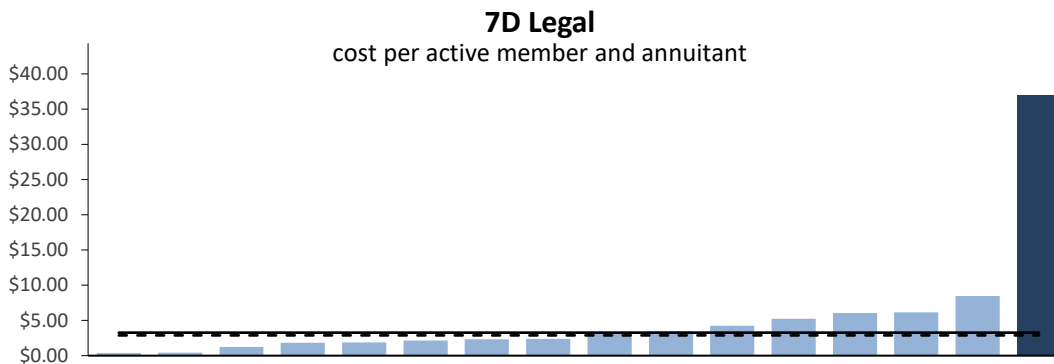
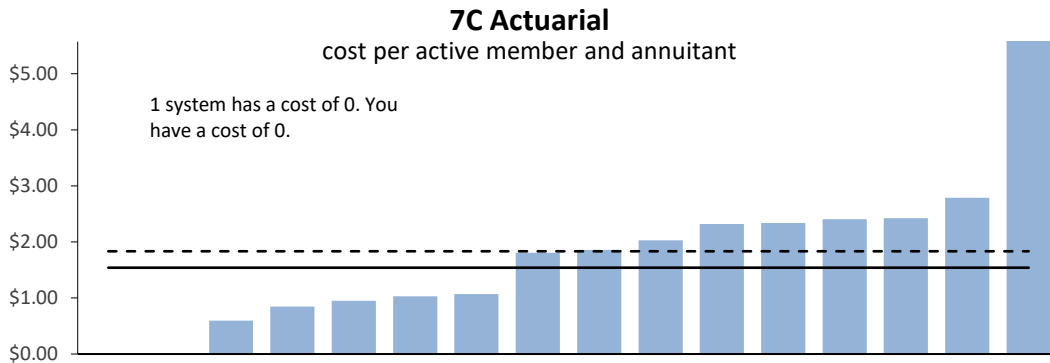
Reasons why your cost was above median	Comparison		Impact <sup>1</sup>
	You	Peer Median	\$s per Pension Admin FTE
Higher salaries and benefits per direct FTE	\$163,151	\$108,071	\$2,115
More direct FTE per 100 pension admin FTE <sup>2</sup>	3.84	2.31	\$2,497
Higher third party costs per pension admin FTE	\$3,596	\$567	\$3,029
Unexplained <sup>1</sup>			-\$1,475
<b>Cost per pension admin FTE</b>	<b>\$8,879</b>	<b>\$2,713</b>	<b>\$6,166</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).
2. You had 13.0 human resources FTE which was 247% more than the peer median of 3.8. The percentage difference was more favorable on a 'per pension admin FTE' basis (your 3.84 FTE per 100 pension admin FTE was 66% more than the peer median of 2.31) because you had an economy of scale advantage.

## 7C-E Professional Costs

Your cost for activity:

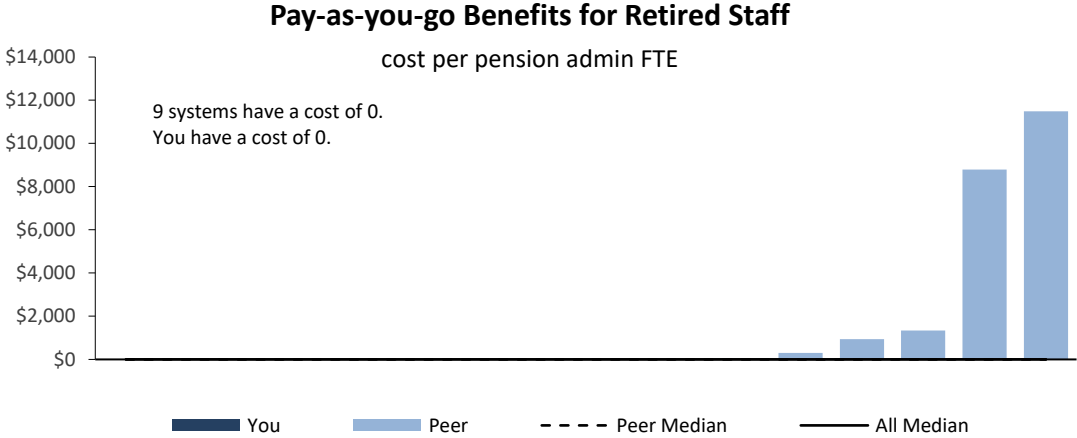
- You have no cost for this activity. The peer median cost was \$1.83.
- Your legal cost per active member and annuitant was \$36.95. This was \$34.07 above the peer median of \$2.88.
- Your audit cost per active member and annuitant was \$26.82. This was \$24.46 above the peer median of \$2.36.



■ You   ■ Peer   - - - Peer Median   — All Median

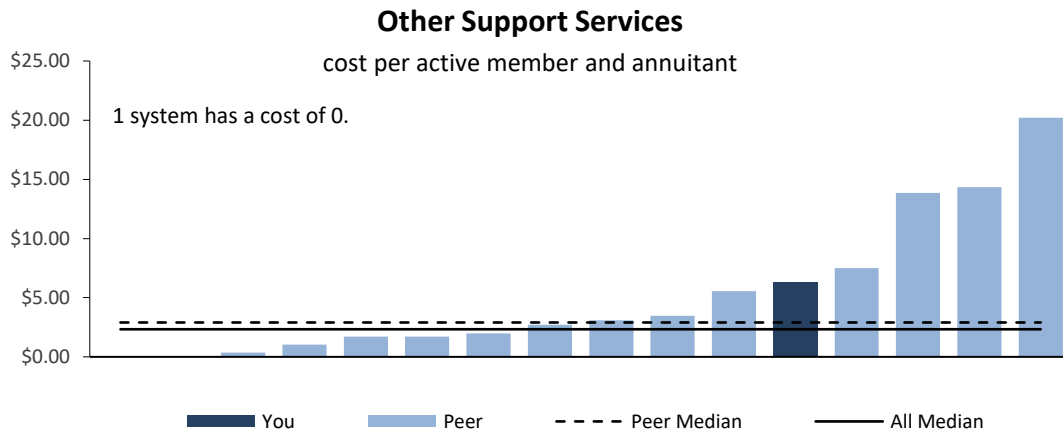
# 7F Pay-as-you-go Benefits for Retired Staff

You have no cost for this activity. The peer median cost was \$0.00.



## 7G Other Support Services

Your other support services cost per active member and annuitant was \$6.32. This was \$3.42 above the peer median of \$2.90. The biggest reason why was that you had higher third party costs per active member and annuitant.



Reasons why your cost was above median	Comparison		Impact <sup>1</sup> \$s per Active Member and Annuitant
	You	Peer Median	
Lower salaries and benefits per direct FTE	\$101,368	\$101,903	-\$0.02
More direct FTE per 10,000 active members and annuitants <sup>2</sup>	0.3	0.3	\$0.37
Higher third party costs per active member and annuitant	\$4.04	\$0.93	\$3.11
Unexplained <sup>1</sup>			-\$0.05
<b>Cost per active member and annuitant</b>	<b>\$6.32</b>	<b>\$2.90</b>	<b>\$3.42</b>

1. Impact equals your activity cost minus what it would have been if your value had equaled the peer median. An unexplained amount occurs using this methodology (refer to page 5 of this section).

2. You had 5.0 other support services FTE which was 127% more than the peer median of 2.2. The percentage difference was more favorable on a 'per active member and annuitant' basis (your 0.29 other support services FTE per 10,000 active member and annuitant was 14% more than the peer median of 0.26).

Three key reasons for differences in FTE per 10,000 (and/or third party costs) are:

- Economies of scale - Scale is particularly important for other support services because of the substantial fixed costs of maintaining the IT infrastructure necessary for pension systems to operate. You had an economy of scale disadvantage. Your 169,862 active members and annuitants was 42.0% lower than the peer median of 293,011. Thus you had less members over which to spread other support services costs.
- Plan complexity - It is more expensive to develop and maintain IT systems for plans with complex rule sets. Your total plan complexity score was 43 out of 100. This was above the peer median of 36.
- IT investment cycle

## Alternative comparison: Fully-attributed front-office activity costs

An alternative way of analyzing and comparing activity costs is by attributing 100% of governance and support costs (i.e., governance and financial control, major projects, IT, and support services and other) to the front office activities. Front office activities are the activities that come in contact with clients or employers, such as paying pensions, pension inceptions, and member calls. The methodology used to calculate fully-attributed costs is shown on the following page.

In 2010, CEM shifted the focus of its analysis from fully-attributed activity costs to direct activity costs because:

- Front-office managers did not recognize or trust the fully attributed costs.
- It is impossible to ensure consistency in attribution methodology for IT and major project costs. Therefore, differences in fully-attributed costs often reflected differences in attribution methodology.
- Reasons for differences in fully-attributed costs were often hidden and repetitive. For example, unusually high building and utilities costs could become a recurring reason for differences in all fully-attributed costs.

Fully-Attributed Activity Costs (\$s per unit of activity volume)																
Activity	Cost per:	You	Peer							All						
			Avg	Max	Q3	Med	Q1	Min	#	Avg	Max	Q3	Med	Q1	Min	#
<b>1. Member Transactions</b>																
a. Pension Payments	annuitant	68	26	108	26	15	12	4	16	23	108	25	17	11	3	50
b. Pension Inceptions	new payee inception	1,265	604	1,764	798	495	299	102	16	616	2,498	729	482	303	82	50
c. Refunds, Withdrawals, and Transfers-out	withdrawal and transfer-out	6,713	830	6,713	601	302	103	43	16	805	6,713	834	258	114	43	50
d. Purchases and Transfers-in	purchase and transfer-in	1,038	2,187	19,035	2,586	676	257	0	16	2,536	56,622	1,307	892	310	0	49
e. Disability	disability application	27,699	6,061	27,699	5,881	3,741	1,933	763	16	4,996	27,699	5,530	3,111	1,427	0	42
<b>2. Member Communication</b>																
a. Call Center	call and email	81	35	100	37	28	21	12	16	35	111	49	27	18	0	50
b. Mail Room, Imaging	incoming mail	85	28	85	32	23	14	4	16	27	154	35	19	9	1	50
c. 1-on-1 Counseling	member counseled 1-on-1	106	282	1,143	393	155	122	73	16	308	1,512	384	178	113	6	50
d. Member Presentations	member presentation	7,722	5,027	17,516	5,720	3,863	2,658	1,064	16	4,076	17,516	4,866	3,235	1,745	0	49
e. Written Pension Estimates	written estimate	354	319	979	431	239	81	0	16	322	1,762	429	160	84	0	50
f. Mass Communication	active member and annuitant	26	8	26	10	6	3	0	16	8	35	11	6	3	0	50
<b>3. Collections and Data Maintenance</b>																
a. Data and Money from Employers	active member	20	21	64	25	12	9	2	16	23	165	22	16	8	2	50
b. Service to Employers	active member	0	12	54	12	7	6	0	16	10	54	13	8	5	0	50
c. Data Not from Employers	active, inactive and annuitant	11	3	11	4	2	0	0	16	4	17	5	3	1	0	50
<b>Total Pension Administration</b>	active member and annuitant	406	131	406	176	81	74	46	16	118	406	145	92	73	19	50
<b>Non-Pension</b>																
1f. Healthcare Administration	annuitant	147	15	147	13	0	0	0	16	8	147	4	0	0	0	48
1g. Optional and Third Party Administered Benefits	active member	0	6	54	4	0	0	0	16	4	54	6	0	0	0	48



# Calculation of fully-attributed front-office costs

(Fully-attributed costs are compared in the alternative comparison on the previous page)

Activity	Direct Staff (# FTE)	Direct Costs (Salaries + Third Party)	5. Major Projects	Attributions <sup>1</sup>			Fully-Attributed		
				6a IT Strategy, DB Mgmt, Applications	6b + 7a - g Support Services and Other	4. Governance & Financial Control	Cost per unit <sup>3</sup>	Member and Annuitant	Cost per Active Member
<b>1. Member Transactions</b>									
a. Pension Payments	16.3	2,124	0	341	1,714	587	4,766	68	28.06
b. Pension Inceptions	16.3	2,124	0	341	1,714	587	4,766	1,265	28.06
c. Refunds, Withdrawals, and Transfers-out	16.3	2,124	0	341	1,714	587	4,766	6,713	28.06
d. Purchases and Transfers-in	7.9	980	0	167	837	287	2,270	1,038	13.37
e. Disability	47.0	10,370	0	986	4,952	1,697	18,005	27,699	106.00
f. Healthcare Administration	24.0	6,350	0	504	2,528	867	10,248	147	60.33
g. Optional and Third Party Administered Benefits	0.0	0	0	0	0	0	0	0	0.00
<b>2. Member Communication</b>									
a. Call Center	42.6	4,322	0	894	4,488	1,538	11,243	81	66.19
b. Mail Room, Imaging	19.0	4,093	0	399	2,003	687	7,182	85	42.28
c. 1-on-1 Counseling	8.6	1,171	0	181	908	311	2,571	106	15.14
d. Member Presentations	8.6	1,171	0	181	908	311	2,571	7,722	15.14
e. Written Pension Estimates	7.9	980	0	167	837	287	2,270	354	13.37
f. Mass Communication	11.9	2,571	0	249	1,252	429	4,501	26	26.50
<b>3. Collections and Data Maintenance</b>									
a. Data and Money from Employers	7.3	868	0	153	768	263	2,052	20	12.08
b. Service to Employers	0.0	0	0	0	0	0	0	0	0.00
c. Data Not from Employers	7.3	868	0	153	768	263	2,052	11	12.08
<b>4. Governance and Financial Control</b>									
a. Financial Administration and Control	22.0	3,173	0	462	2,318	-5,952	0		
b. Board, Strategy, Policy	3.0	996	0	63	316	-1,375	0		
c. Government and Public Relations	3.0	996	0	63	316	-1,375	0		
<b>5. Major Projects</b>									
a. Amortization of non-IT Major Projects	n/a	0	0				0		
b. Non-IT Major Projects (if you don't capitalize)	0.0	0	0				0		
c. Amortization of IT Major Projects	n/a	0	0				0		
d. IT Major Projects (if you don't capitalize)	0.0	0	0				0		
<b>6. Information Technology</b>									
a. IT Strategy, Database, Applications (excl. major projects)	18.0	5,644		-5,644			0		
b. IT Desktop, Networks, Telecom	22.0	6,909			-6,909		0		
<b>7. Support Services and Other</b>									
a. Building and Utilities	1.0	4,870			-4,870		0		
b. Human Resources	13.0	3,338			-3,338		0		
c. Actuarial	0.0	0			0		0		
d. Legal and Rule Interpretation	21.0	6,971			-6,971		0		
e. Internal and External Audit	27.0	5,059			-5,059		0		
f. Pay-as-you-go Benefits for Retired Staff	n/a	0			0		0		
g. Other Support Services	5.0	1,193			-1,193		0		
<b>Total Administration</b>	<b>376.0</b>	<b>79,264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,264</b>		<b>466.64</b>
less: <sup>2</sup>									
1f. Healthcare Administration							-10,248		-60.33
1g. Optional and Third Party Administered Benefits							0		0.00
<b>Total Pension Administration</b>							<b>69,016</b>		<b>406.30</b>

1. Attributions of activities 4, 5, 6, and 7 are pro rata based on direct FTE, unless you provided the attributions yourself.

2. The fully-attributed costs of activities 1f and 1g are excluded from pension administration costs to ensure comparability.

3. Units vary by activity. Units are described in the second column on the previous page.

# 5

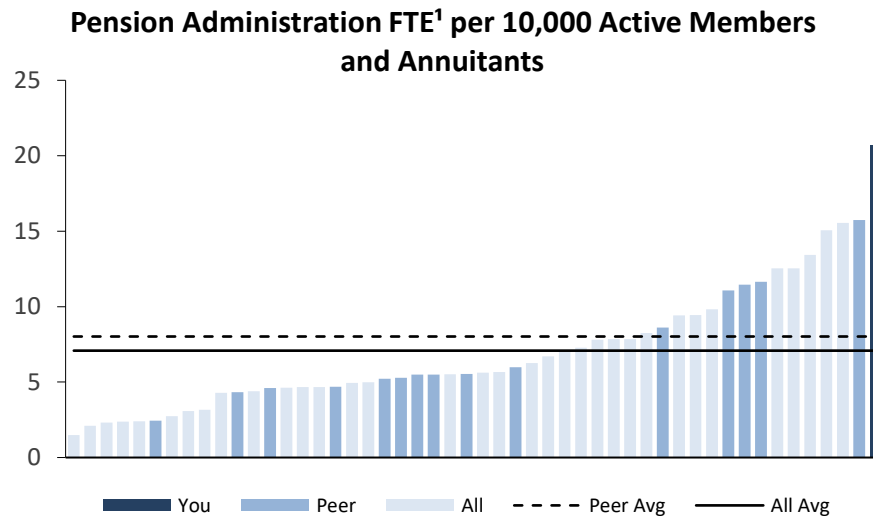
## Staff Costs and Productivity

This section includes comparisons to your peers, in aggregate and by activity, of:

- Full-time-equivalent staff (FTE) per member
- Salary and benefits per FTE
- Productivity (transaction volumes per FTE)

## Total FTE

Differences in the number of full-time-equivalent staff (FTE) used to serve members is a key reason for differences in costs between similarly organized systems. Generally the more FTE you use to serve members, the higher your costs. You had 20.72 pension administration FTE<sup>1</sup> per 10,000 members. This was above the peer average of 8.02.



1. Pension administration FTE excludes: FTE whose salaries are being capitalized, FTE administering healthcare and FTE administering optional benefits.

Reasons for differences in total FTEs used to serve members include differences in:

- Outsourcing. For example, if you outsource legal or actuarial work, you will have fewer FTE than systems that do this work using internal staff.
- Transactions volumes, which in turn are caused by differences in:
  - Services provided, for example, some plans do not offer financial planning
  - Member mix and demographics, for example, active members generate more transactions than inactive members
- Productivity (i.e., transaction volumes per FTE) which in turn is caused by differences in:
  - Service levels, for example, shorter wait times may require more staff
  - Staff skills and productivity
  - Organizational effectiveness
  - Economies of scale
  - Plan rule complexity
  - IT capability

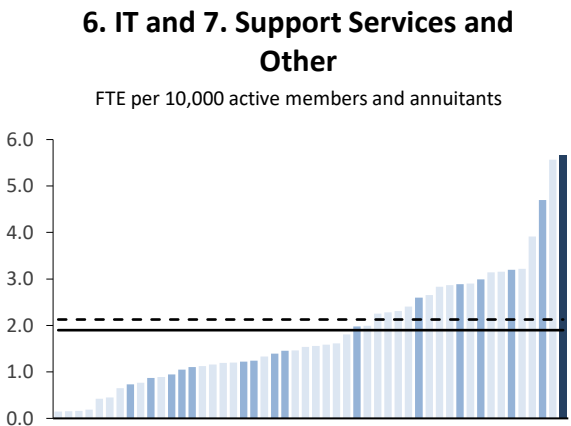
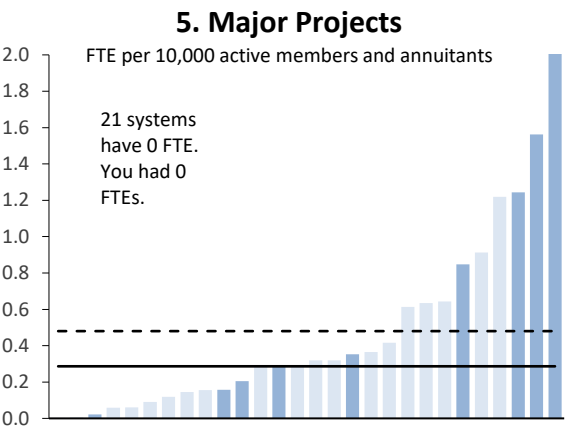
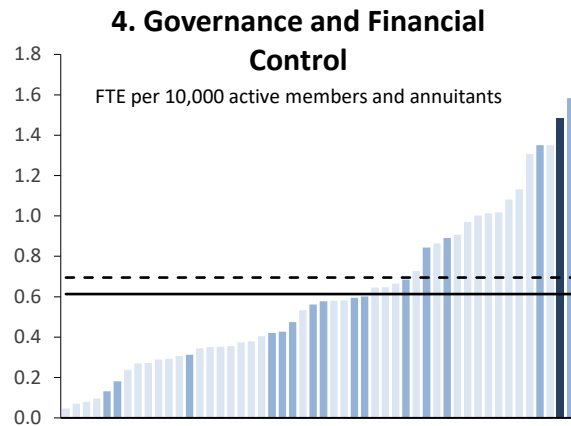
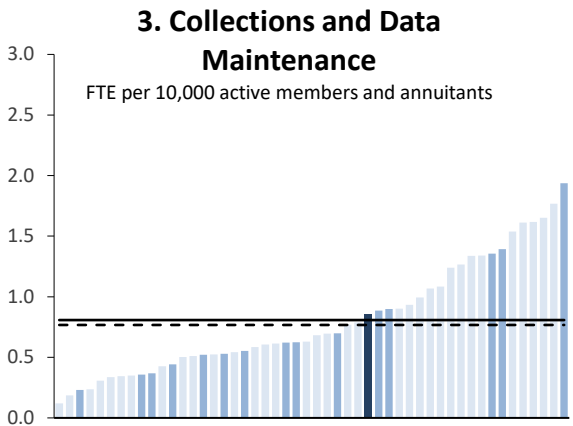
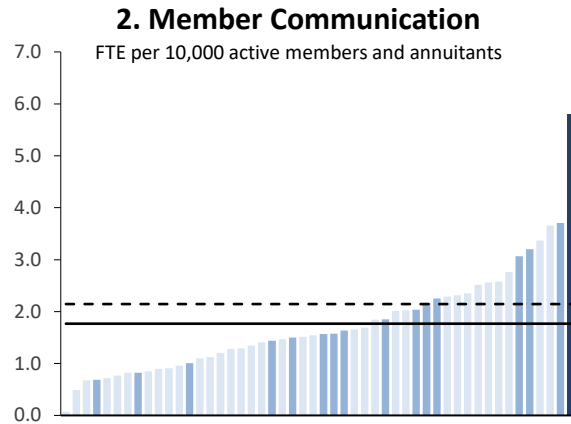
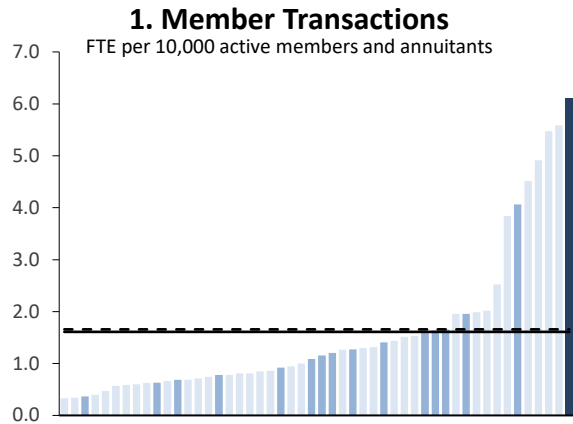
## FTE by activity

Activity	# of Direct <sup>1</sup> FTE			# of FTE per 10,000 Active Members and Annuitants		
	You	Peer	All Avg	You	Peer	All Avg
<b>1. Member Transactions</b>						
a. Pension Payments	16.3	11.7	11.1	0.96	0.36	0.32
b. Pension Inceptions	16.3	20.5	20.9	0.96	0.50	0.51
c. Refunds, Withdrawals, and Transfers-out	16.3	8.4	9.4	0.96	0.27	0.31
d. Purchases and Transfers-in	7.9	9.0	10.6	0.47	0.20	0.30
e. Disability	<u>47.0</u>	<u>11.1</u>	<u>7.0</u>	<u>2.77</u>	<u>0.32</u>	<u>0.17</u>
Total Member Transactions	103.7	60.7	59.0	6.11	1.66	1.61
<b>2. Member Communication</b>						
a. Call Center	42.6	34.8	32.1	2.51	0.92	0.74
b. Mail Room, Imaging	19.0	10.1	9.9	1.12	0.32	0.26
c. 1-on-1 Counseling	8.6	12.7	9.9	0.51	0.28	0.24
d. Member Presentations	8.6	7.5	4.6	0.51	0.21	0.13
e. Written Pension Estimates	7.9	5.1	6.4	0.47	0.19	0.18
f. Mass Communication	<u>11.9</u>	<u>7.6</u>	<u>7.5</u>	<u>0.70</u>	<u>0.23</u>	<u>0.22</u>
Total Member Communication	98.7	77.9	70.3	5.81	2.14	1.77
<b>3. Collections and Data Maintenance</b>						
a. Data and Money from Employers	7.3	18.9	17.5	0.43	0.41	0.44
b. Service to Employers	0.0	13.0	9.8	n/a	0.23	0.20
c. Data Not from Employers	<u>7.3</u>	<u>4.3</u>	<u>5.9</u>	<u>0.43</u>	<u>0.13</u>	<u>0.17</u>
Total Collections and Data Maintenance	14.6	36.2	33.1	0.86	0.77	0.81
<b>4. Governance and Financial Control</b>						
a. Financial Administration and Control	22.0	19.3	14.6	1.30	0.44	0.37
b. Board, Strategy, Policy	3.0	8.0	9.6	0.18	0.17	0.19
c. Government and Public Relations	<u>3.0</u>	<u>4.4</u>	<u>2.9</u>	<u>0.18</u>	<u>0.11</u>	<u>0.08</u>
Total Governance and Financial Control	28.0	31.7	27.1	1.65	0.72	0.63
<b>5. Major Projects</b>						
a. Amortization of non-IT Major Projects <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a
b. Non-IT Major Projects (if you don't capitalize)	0.0	6.2	3.4	n/a	0.19	0.10
c. Amortization of IT Major Projects <sup>2</sup>	n/a	n/a	n/a	n/a	n/a	n/a
d. IT Major Projects (if you don't capitalize)	<u>0.0</u>	<u>10.0</u>	<u>6.7</u>	<u>n/a</u>	<u>0.31</u>	<u>0.19</u>
Total Major Projects	0.0	16.2	10.1	0.00	0.50	0.30
<b>6. Information Technology</b>						
a. IT Strategy, Database, Applications (excl. major)	18.0	45.0	31.0	1.06	0.86	0.77
b. IT Desktop, Networks, Telecom	<u>22.0</u>	<u>15.8</u>	<u>9.9</u>	<u>1.30</u>	<u>0.42</u>	<u>0.29</u>
Total Information Technology	40.0	60.8	40.9	2.35	1.28	1.06
<b>7. Support Services and Other</b>						
a. Building and Utilities	1.0	2.4	2.7	0.06	0.06	0.07
b. Human Resources	13.0	11.7	7.8	0.77	0.22	0.20
c. Actuarial	0.0	4.3	2.3	n/a	0.04	0.05
d. Legal and Rule Interpretation	21.0	9.7	8.8	1.24	0.24	0.25
e. Internal and External Audit	27.0	5.9	4.8	1.59	0.21	0.15
f. Pay-as-you-go Benefits for Retired Staff	n/a	n/a	n/a	n/a	n/a	n/a
g. Other Support Services	<u>5.0</u>	<u>10.0</u>	<u>8.5</u>	<u>0.29</u>	<u>0.17</u>	<u>0.20</u>
Total Support Services and Other	67.0	44.1	35.1	3.94	0.95	0.92
<b>Total Pension Admin FTE (excludes below)</b>	352.0	327.6	275.6	20.72	8.02	7.08
FTE whose salaries are being capitalized	0.0	5.0	6.3	n/a	0.08	0.09
1f. Healthcare Administration	24.0	3.1	2.8	1.41	0.16	0.09
1g. Optional and Third Party Administered Benefits	0.0	2.3	2.8	n/a	0.07	0.06
<b>Total Administration FTE</b>	376.0	338.1	287.5	22.14	8.33	7.32

1. Direct staff includes staff directly performing the activity, plus related support and management staff that are in the same department and directly support the activity.

2. We are unable to identify the historic FTE embedded in activities 5a. and 5c. amortization of major projects.

# FTE per 10,000 members by activity aggregates

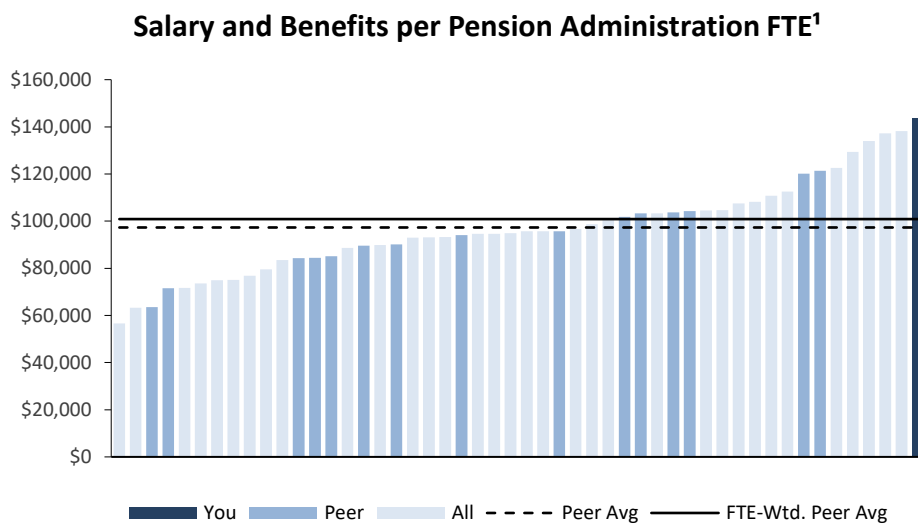


You
  Peer
  All
  Peer Avg
  All Avg

## Salaries and benefits

Your salaries and benefits per pension administration FTE<sup>1</sup> was \$143,677. This was 48% above the peer average of \$97,308.

If you want to understand how salaries and benefits impact relative cost performance, the more relevant average is the FTE-weighted peer average because salary differences matter more for peers with more FTEs. Your salaries and benefits per pension administration FTE of \$143,677 was above the FTE-weighted peer average of \$100,869.



1. Pension administration FTE excludes: FTE whose salaries are being capitalized, FTE administering healthcare and FTE administering optional benefits. In order to avoid double counting when explaining why your total administration costs differ from the peer average, it also excludes the salaries and FTE of activity 6b. IT Desktop, Networks, Telecom, 7a. Building and Utilities, 7b. Human Resources, and, 7f. Pay-as-you-go Benefits for Retired Staff.

Salaries and benefits include compensation (salary, wages, overtime, bonuses), benefits (pensions, healthcare), related payroll taxes, and charges paid by the employer (as opposed to the employee). Salary and benefits per FTE may differ because of:

- Cost environment
- Staff with different skills and experience. Different activities require different skills sets. Therefore, salaries and benefits are compared by activity on page 7 of this section.
- Outsourcing. For example, if you outsource higher paying jobs by using consultants (i.e., legal, actuarial) your average salary might be lower.

Other costs that tend to vary per FTE include activities: 6b. IT Desktop, Networks, Telecom, 7a. Building and Utilities, 7b. Human Resources, and, 7f. Pay-as-you-go Benefits for Retired Staff. These costs are compared in Section 4 - Activity Costs.

## Salaries and benefits per FTE by activity

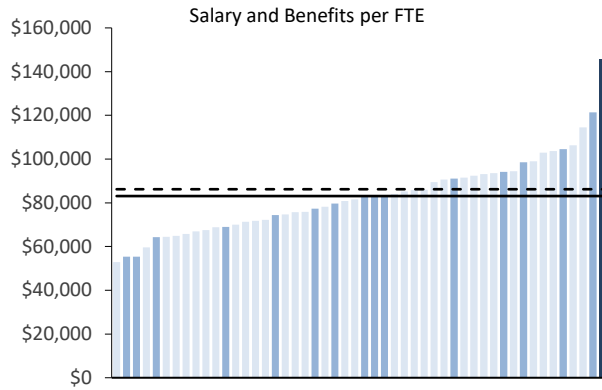
Activity	Salaries and Benefits per FTE			Salaries and Benefits as a % of Direct Activity Cost		
	You	Peer Avg	All Avg	You	Peer Avg	All Avg
<b>1. Member Transactions</b>						
a. Pension Payments	\$127,912	\$86,862	\$87,976	98%	73%	71%
b. Pension Inceptions	\$127,912	\$85,634	\$82,429	98%	94%	92%
c. Refunds, Withdrawals, and Transfers-out	\$127,912	\$83,822	\$82,660	98%	93%	90%
d. Purchases and Transfers-in	\$120,594	\$89,556	\$84,469	98%	92%	90%
e. Disability	<u>\$168,329</u>	<u>\$95,270</u>	<u>\$84,094</u>	76%	72%	73%
	\$145,663	\$86,221	\$83,093			
<b>2. Member Communication</b>						
a. Call Center	\$98,969	\$77,886	\$77,404	98%	92%	92%
b. Mail Room, Imaging	\$98,057	\$67,725	\$68,639	46%	76%	74%
c. 1-on-1 Counseling	\$133,307	\$90,529	\$86,775	98%	93%	91%
d. Member Presentations	\$133,307	\$96,175	\$97,206	98%	90%	85%
e. Written Pension Estimates	\$120,594	\$85,902	\$79,882	98%	95%	90%
f. Mass Communication	<u>\$138,705</u>	<u>\$99,696</u>	<u>\$99,064</u>	64%	61%	57%
	\$111,319	\$83,097	\$80,975			
<b>3. Collections and Data Maintenance</b>						
a. Data and Money from Employers	\$118,014	\$88,070	\$82,899	99%	93%	93%
b. Service to Employers	n/a	\$88,060	\$89,156	n/a	94%	88%
c. Data Not from Employers	<u>\$118,014</u>	<u>\$110,228</u>	<u>\$87,323</u>	99%	86%	85%
	\$118,014	\$87,835	\$83,925			
<b>4. Governance and Financial Control</b>						
a. Financial Administration and Control	\$125,974	\$107,161	\$117,082	87%	86%	83%
b. Board, Strategy, Policy	\$276,757	\$157,643	\$177,108	83%	72%	71%
c. Government and Public Relations	<u>\$276,757</u>	<u>\$146,119</u>	<u>\$156,106</u>	83%	85%	81%
	\$158,284	\$122,588	\$138,173			
<b>5. Major Projects</b>						
a. Amortization of non-IT Major Projects	n/a	n/a	n/a	n/a	n/a	n/a
b. Non-IT Major Projects (if you don't capitalize)	n/a	\$111,861	\$121,359	n/a	75%	61%
c. Amortization of IT Major Projects	n/a	n/a	n/a	n/a	n/a	n/a
d. IT Major Projects (if you don't capitalize)	<u>n/a</u>	<u>\$122,910</u>	<u>\$131,353</u>	n/a	51%	55%
	n/a	\$116,482	\$124,943			
<b>6. Information Technology</b>						
a. IT Strategy, Database, Applications (excl. major projects)	\$179,425	\$122,218	\$121,753	57%	62%	49%
b. IT Desktop, Networks, Telecom	<u>\$180,543</u>	<u>\$109,859</u>	<u>\$110,037</u>	57%	53%	38%
	\$180,040	\$117,574	\$116,714			
<b>7. Support Services and Other</b>						
a. Building and Utilities	\$128,612	\$95,907	\$97,172	3%	15%	10%
b. Human Resources	\$163,151	\$106,238	\$118,324	64%	77%	72%
c. Actuarial	n/a	\$135,534	\$158,018	n/a	23%	31%
d. Legal and Rule Interpretation	\$243,773	\$138,980	\$138,734	73%	67%	70%
e. Internal and External Audit	\$172,947	\$115,501	\$119,253	92%	59%	61%
f. Pay-as-you-go Benefits for Retired Staff	n/a	n/a	n/a	n/a	100%	100%
g. Other Support Services	<u>\$101,368</u>	<u>\$98,981</u>	<u>\$88,679</u>	42%	43%	61%
	\$187,242	\$123,259	\$123,874			
Total Pension Administration <sup>1</sup>	\$146,468	\$99,658	\$99,131	72%	62%	59%
Total Pension Admin excluding activities 6b, 7a, 7b, and 7f <sup>2</sup>	\$143,677	\$97,308	\$97,080	79%	67%	65%

1. Pension administration FTE excludes: FTE whose salaries are being capitalized, FTE administering healthcare and FTE administering optional benefits.

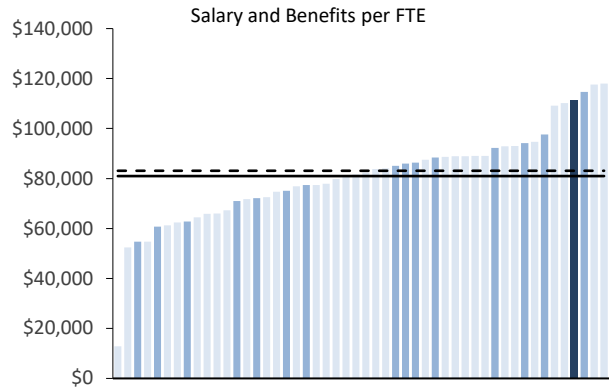
2. Section 3 'Total Costs' and the Executive Summary use the FTE-weighted peer average of \$100,869 to explain cost differences. It is used to explain cost differences because salary differences matter more for peers with more FTEs. To avoid double counting items quantified separately in the cost model, the FTE-weighted average also: (i) excludes activities 6b, 7a, 7b and 7f, and, (ii) weights front and governance and support salaries per your ratio of front to governance and support FTE.

# Salaries and benefits per FTE by activity aggregates

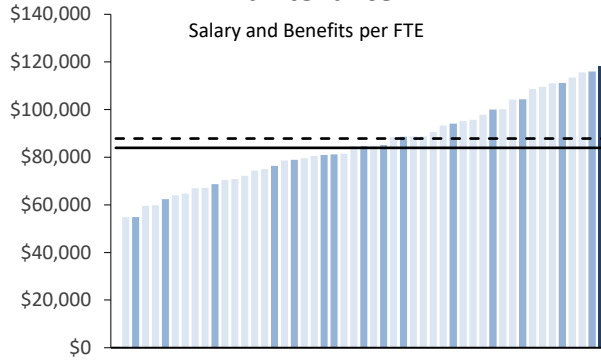
## 1. Member Transactions



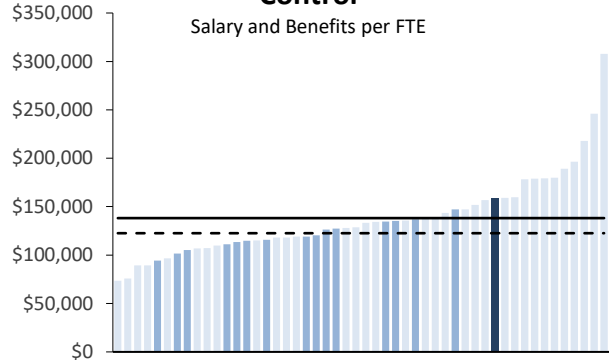
## 2. Member Communication



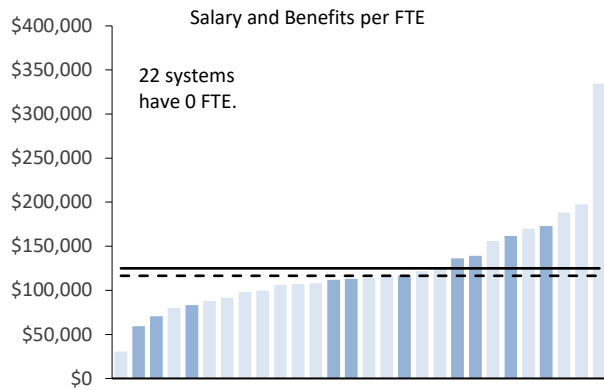
## 3. Collections and Data Maintenance



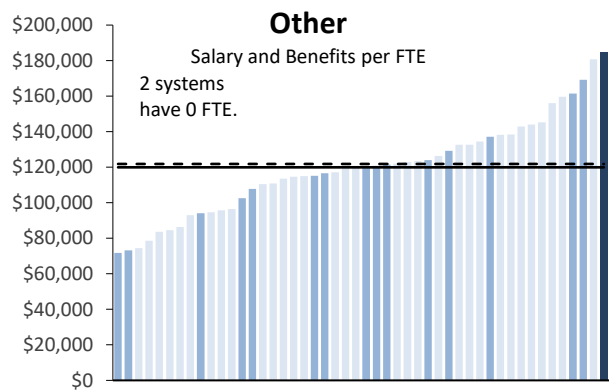
## 4. Governance and Financial Control



## 5. Major Projects



## 6. IT and 7. Support Services and Other

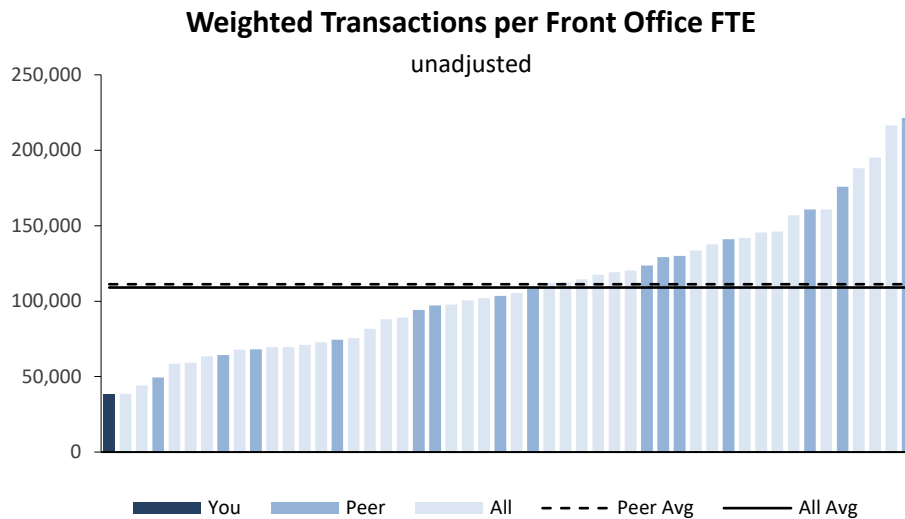


You
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  Peer Avg
  All Avg



## Productivity

Total productivity is defined as the number of weighted transactions per front office, full-time-equivalent staff (FTE). Your productivity was 38,276 per front office FTE. This was below the in-house peer average of 111,215.



Weighted transaction volumes equal the cost-weighted average of front office activity volumes. It is a measure of work. Details of the calculation are shown in Section 6 Transaction Volumes. Front office activities are the activities that come in contact with clients or employers, such as paying pensions, pension inceptions and member calls. It excludes support activities such as Governance and Financial Control, Major Projects and Support Services.

Differences in productivity are caused by differences in:

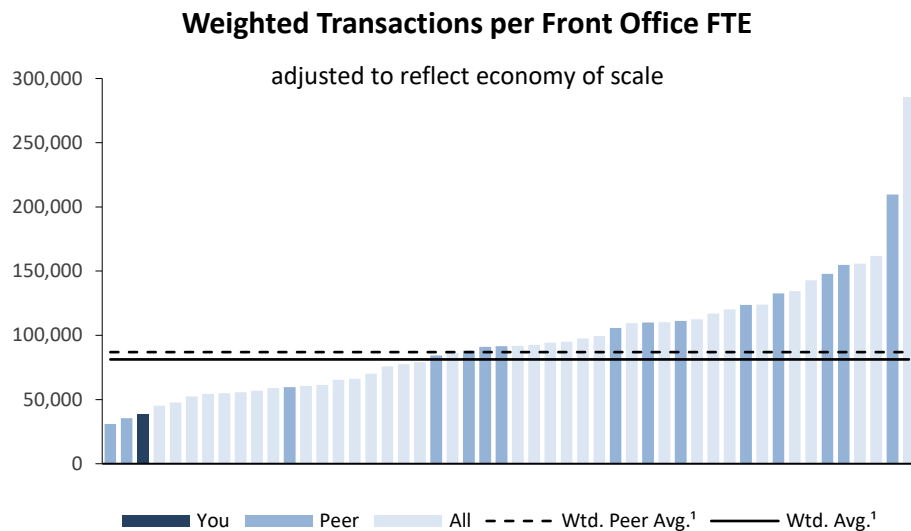
- Economies of scale (see next page)
- Staff skills and staff productivity
- IT capability / online transactions
- Service levels, for example, shorter wait times may require more staff
- Complexity of plan rules
- Using more consultants and third parties to do part of the work
- Projects
- Organization design

It is important to emphasize that total productivity is not a measure of staff productivity; staff productivity is however a component of total productivity.

## Productivity - adjusted for economies of scale

Productivity is impacted by economies of scale. CEM research shows that, on average, smaller systems have lower productivity than larger systems. Thus we need to adjust the productivity of your peers for economies of scale in order to produce an accurate comparison.

After adjusting for economies of scale, your productivity (weighted transaction volumes per FTE) was 56% below the weighted peer average.



1. The peer and all averages are weighted by workloads (i.e., weighted transactions per member) because differences in productivity matter more for peers with higher workloads when explaining cost differences.

## Productivity by activity

Productivity by activity must be interpreted cautiously because annual fluctuations in activity volumes can cause large swings in productivity. Unusually high volumes in a given year will make you look more productive than normal. Unusually low volumes will make you look less productive.

Productivity by Front Office Activity		Activity Volume per FTE		
Front-Office Activities	Activity Volume Description	You	Peer Avg	All Avg
<b>1. Member Transactions</b>				
a. Pension Payments	Annuitants	4,288	22,213	24,587
b. Pension Inceptions	New Payee Inceptions	232	708	668
c. Refunds, Withdrawals, and Transfers-out	Refunds, Withdrawals, and Transfers-out	44	1,772	1,578
d. Purchases and Transfers-in	Purchases and Transfers-in	275	888	776
e. Disability	Disability Applications	14	182	155
<b>2. Member Communication</b>				
a. Call Center	Calls and Emails	3,251	9,813	9,568
b. Mail Room, Imaging	Incoming Mail	4,462	13,575	34,511
c. 1-on-1 Counseling	Members Counseled 1-on-1	2,824	1,509	2,503
d. Member Presentations	Member Presentations	39	94	117
e. Written Pension Estimates	Written Estimates	808	3,018	4,198
f. Mass Communication	Active Members and Annuitants	14,293	64,633	88,828
<b>3. Collections and Data Maintenance</b>				
a. Data and Money from Employers	Active Members	13,741	25,602	24,049
b. Service to Employers	Active Members	n/a	53,418	49,175
c. Data Not from Employers	Actives, Inactives, Annuitants	25,505	183,615	273,960
Weighted Transactions per Front Office FTE		38,276	111,215	109,056
adjusted for Economies of Scale <sup>1, 2</sup>		38,276	86,923	81,235

1. Productivity is impacted by economies of scale. CEM research shows that, on average, smaller systems have lower productivity than larger systems. Thus we need to adjust the productivity of your peers for economies of scale in order to produce an accurate comparison.

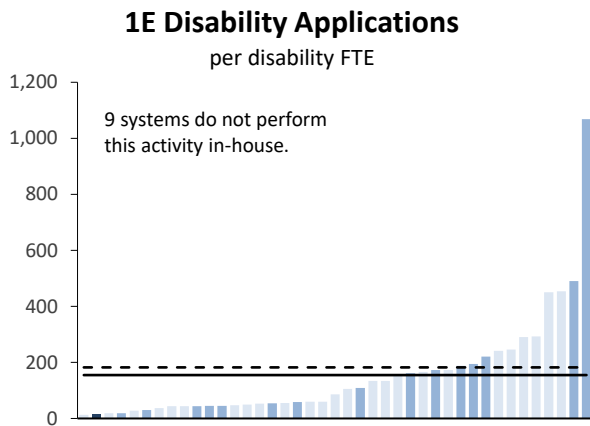
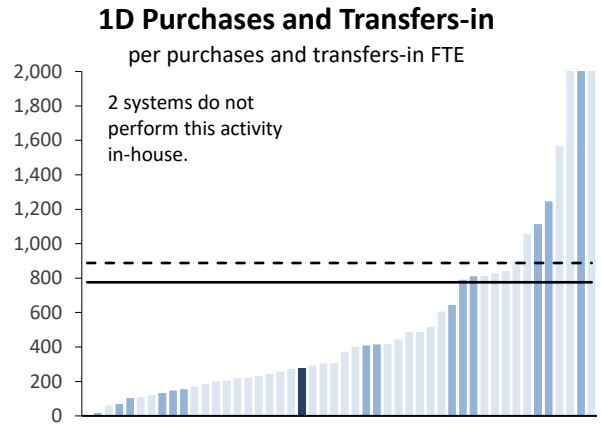
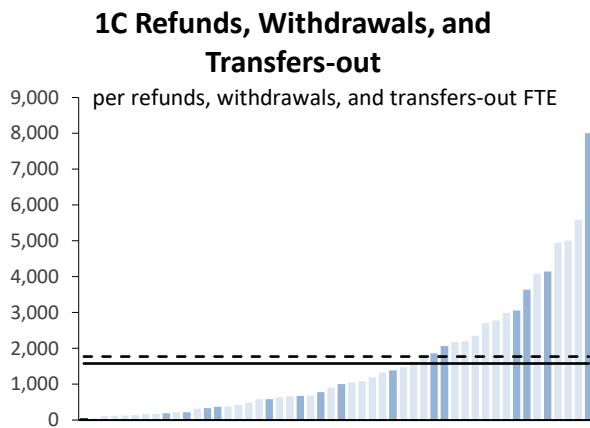
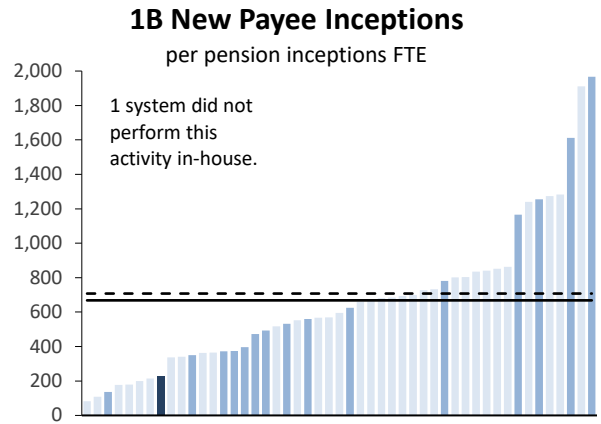
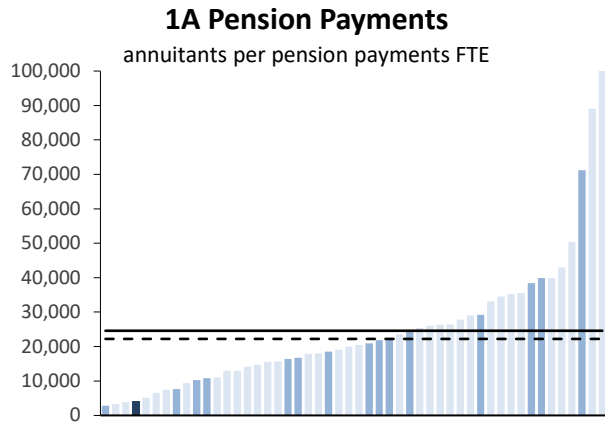
2. The peer and all averages, for this value only, are weighted by workloads (i.e., weighted transactions per member) because differences in productivity matter more for peers with higher workloads when explaining cost differences.

Differences in productivity are caused by differences in:

- Economies of scale (see previous page)
- Staff skills and staff productivity
- IT capability / online transactions
- Service levels, for example, shorter wait times may require more staff
- Complexity of plan rules
- Using more consultants and third parties to do part of the work
- Projects
- Organization design

It is important to emphasize that total productivity is not a measure of staff productivity; staff productivity is however a component of total productivity.

# Productivity by activity - member transactions

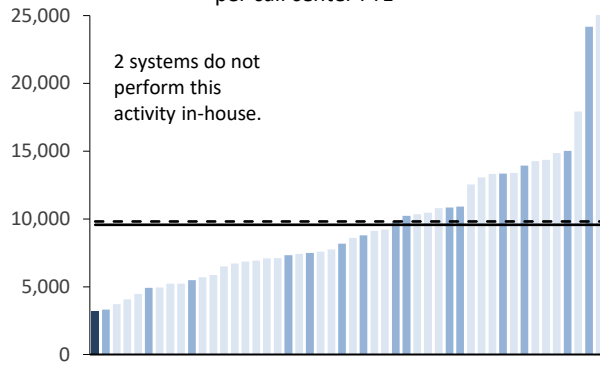


You
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# Productivity by activity - member communication

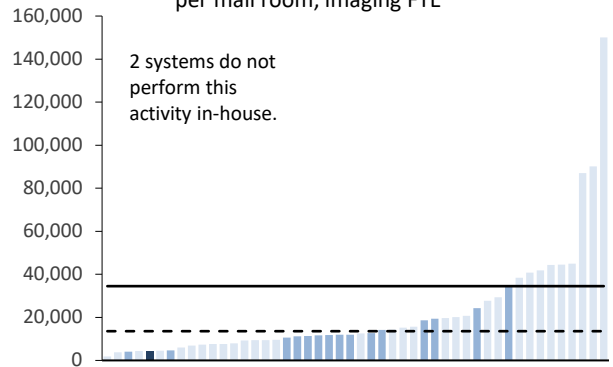
## 2A Calls and Emails

per call center FTE



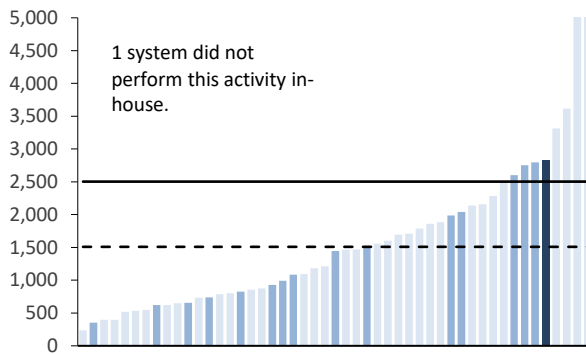
## 2B Incoming Mail

per mail room, imaging FTE



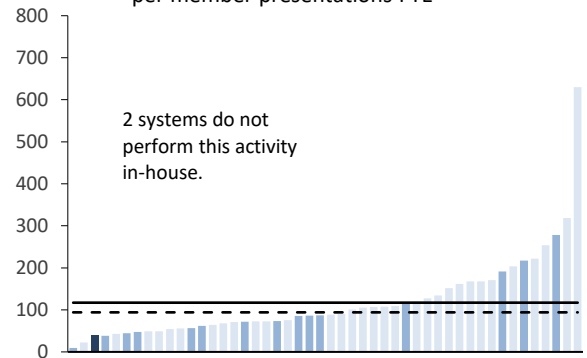
## 2C Members Counseled 1-on-1

per 1-on-1 counseling FTE



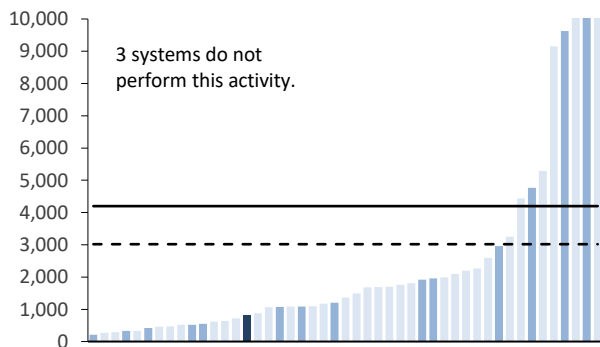
## 2D Member Presentations

per member presentations FTE



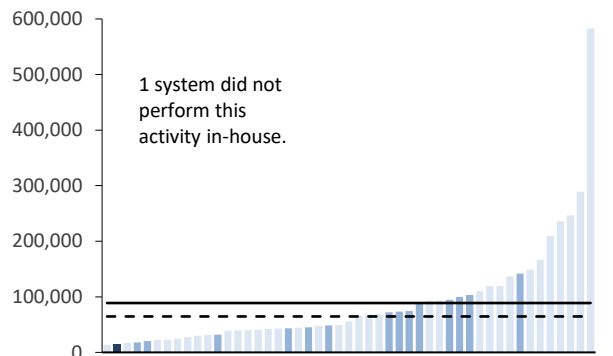
## 2E Written Estimates

per written pension estimates FTE



## 2F Mass Communication

active members and annuitants per mass communication FTE

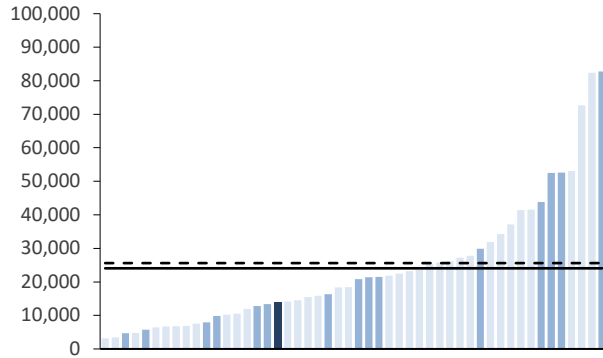


■ You   ■ Peer   ■ All   - - - Peer Avg   — All Avg

# Productivity by activity - collections and data maintenance

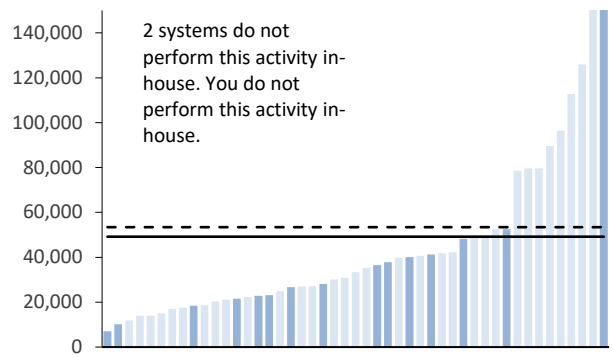
## 3A Data and Money from

active members per data and money from employers FTE



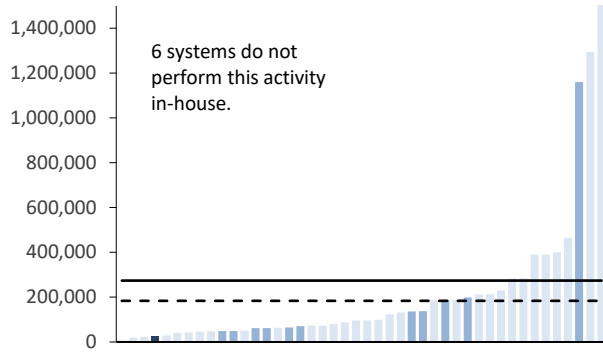
## 3B Service to Employers

active members per service to employers FTE



## 3C Data Not from Employers

actives, inactives, annuitants per data not from employers FTE



You
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  All
 - - - - Peer Avg
— All Avg

# 6

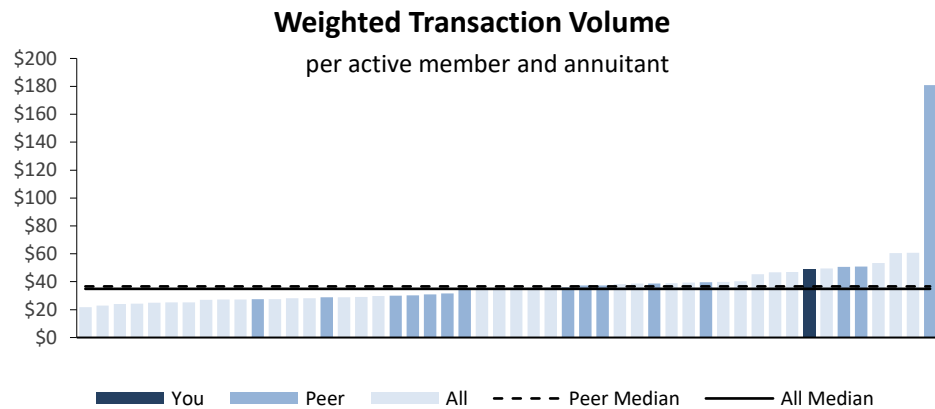
## Transaction Volumes

This section contains:

- Comparisons of the most important pension administration transaction volumes for each front office activity. Transactions are a major driver of costs. It is higher cost to have more transactions per member.
- Comparisons of total workloads - your weighted transaction volumes per member. This shows whether your transaction volumes are more or less costly in aggregate.

## Workload: Weighted transaction volume per member

Your weighted transaction volume was \$48.90 per active member and annuitant. This was above the peer median of \$36.65.



Your weighted transaction volume per member indicates whether you are doing more or less administration work per member in aggregate than your peers. This could be due to reasons that are beyond your control, or because you are voluntarily doing more work for your members. Differences in work reflect differences in:

- Activities that you administer. For example, some systems do not administer disability.
- Service levels
- Membership mix
- Member demographics

The calculation of your weighted transaction volume is shown on the following page.

### **Interpreting your weighted transaction volumes**

Transaction volumes are an important driver of costs. As shown in 'section 3 - Total Cost', your above average weighted transaction volumes increased your total cost by an estimated \$13.62 per member relative to the peer average.

Mindful that transaction volumes are a significant driver of cost, this is one area to focus attention on in terms of potentially saving money. You may look at where you process more work than your peers with a view to reducing that volume (provided you have control over the volume).



## Calculation of your weighted transaction volume

Your weighted transaction volume equals the cost weighted average of the 14 'front office' pension administration transaction volumes shown in the table below.

Calculation of Your Weighted Transactions per Member			
Transaction (or Cost Driver) by Front Office Activity	Your Volume (A)	Weight = All Median Cost per Transaction (B)	Weighted Volume (A x B)
<b>1. Member Transactions</b>			
a. Pension Payments (Annuitants)	69,747	\$6.57	458,549
b. New Payee Inceptions	3,769	\$137.19	517,080
c. Refunds, Withdrawals, and Transfers-out	710	\$109.08	77,446
d. Purchases and Transfers-in	2,187	\$257.92	564,063
e. Disability Applications	650	\$1,456.25	946,564
<b>2. Member Communication</b>			
a. Calls and Emails	138,507	\$10.40	1,439,803
b. Incoming Mail	84,841	\$5.95	505,108
c. Members Counseled 1-on-1	24,348	\$64.72	1,575,703
d. Member Presentations	333	\$1,295.38	431,360
e. Written Estimates	6,421	\$52.88	339,528
f. Mass Communication (Active Members and Annuitants)	169,862	\$3.14	533,762
<b>3. Collections and Data Maintenance</b>			
a. Data and Money from Employers (Active Members)	100,115	\$4.71	471,732
b. Service to Employers (Active Members)	100,115	\$2.83	283,559
c. Data Not from Employers (Actives, Inactives, Annuitants)	185,823	\$0.87	161,562
<b>Total</b>			<b>8,305,820</b>
<b>Total per active member and annuitant</b>			<b>\$48.90</b>

## Methodology notes

- **Weights** - The weights used for all activities are the all median cost per transaction. This enables us to normalize for the substantial differences in time and effort expended on each type of task. For example, a 1-on-1 counseling session is more costly and time consuming than answering a telephone call. This difference is reflected in the weights where the cost per 1-on-1 counseling session of \$64.72 is approximately 6 times higher than the cost per call of \$10.40.
- **Back Office Activities** (e.g., Governance and Financial Control, Major Projects and Support Services) - The work of back office activities is excluded from the weighted transaction volume score. This is because most work of back office activities cannot be analyzed in terms of transaction volumes. For example, it would be nearly impossible to consider the role of a CEO in terms of the number of transactions that he or she processes.
- **Web** - Transaction volumes are weighted the same regardless of channel. Online transactions typically cost less, but if we applied a lower weight, then a system that has achieved a high level of online functionality would be unfairly penalized.
- **Secondary versus primary cost drivers** - The activity volumes used to determine your weighted transaction volume score are the primary cost drivers for each activity. Secondary cost drivers are ignored in this section because they are usually relatively immaterial.
- **Using members as a proxy** - For some activities, we have used members (or member subsets such as annuitants) as a proxy for the activity's transactions. For example, active members are used as a proxy for the transactions of the Collections and Data Maintenance activity. The implicit assumption is that data maintenance transactions, such as address changes, will occur at similar ratios of members for all systems.

## Comparison of transaction volumes by activity

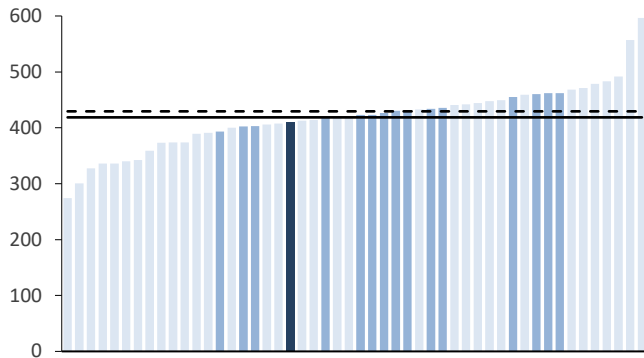
The table below shows whether you are doing more or fewer transactions per member than your peers by front office activity. All volumes in the table are compared 'per 1,000 active members and annuitants' even if all member types do not always cause the volume. This is because active members and annuitants is the divisor when comparing total cost per member. Therefore, to know how volumes impact your relative total cost performance, they need to be compared on the same basis.

Comparisons of Transaction Volumes by Activity				
Transaction (or Cost Driver) by Front Office Activity	Your Volume	Volume per 1,000 Active Members and Annuitants		
		You	Peer Avg	All Avg
<b>1. Member Transactions</b>				
a. Pension Payments (Annuitants)	69,747	411	429	419
b. New Payee Inceptions	3,769	22	25	23
c. Refunds, Withdrawals, and Transfers-out	710	4	21	19
d. Purchases and Transfers-in	2,187	13	40	24
e. Disability Applications	650	4	2	1
<b>2. Member Communication</b>				
a. Calls and Emails	138,507	815	691	613
b. Incoming Mail	84,841	499	330	329
c. Members Counseled 1-on-1	24,348	143	46	38
d. Member Presentations	333	2	2	1
e. Written Estimates	6,421	38	39	33
f. Mass Communication (Active Members and Annuitants)	169,862	1,000	1,000	1,000
<b>3. Collections and Data Maintenance</b>				
a. Data and Money from Employers (Active Members)	100,115	589	571	581
b. Service to Employers (Active Members)	100,115	589	571	581
c. Data Not from Employers (Actives, Inactives, Annuitants)	185,823	1,094	1,277	1,293
<b>Weighted Total</b>		<b>48,897</b>	<b>45,878</b>	<b>38,607</b>

# Member transactions per 1,000 members: Graphical comparisons

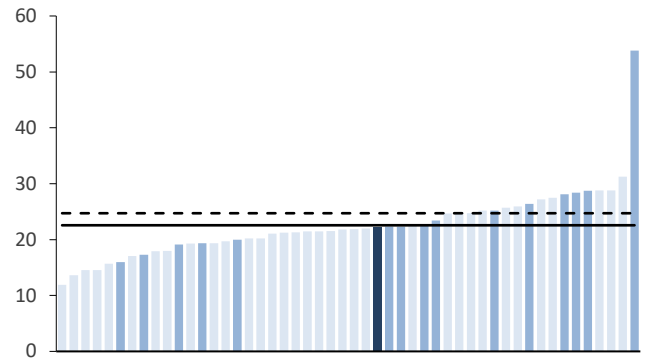
## 1A Pension Payments (Annuitants)

per 1,000 active members and annuitants



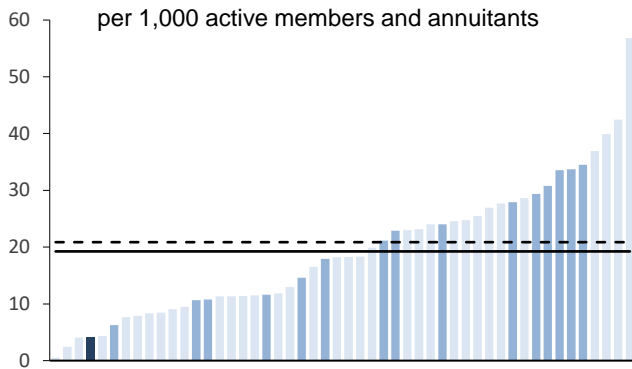
## 1B New Payee Inceptions

per 1,000 active members and annuitants



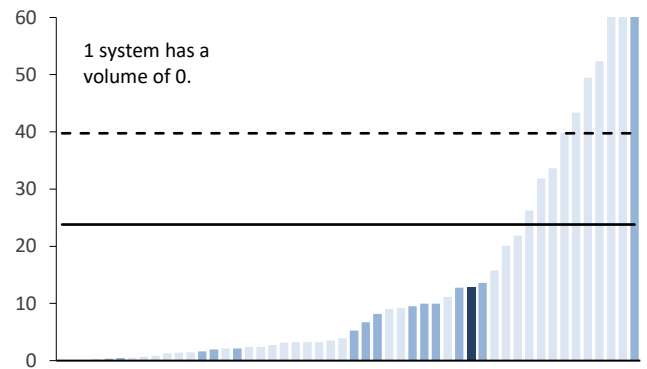
## 1C Refunds, Withdrawals, and Transfers-out

per 1,000 active members and annuitants



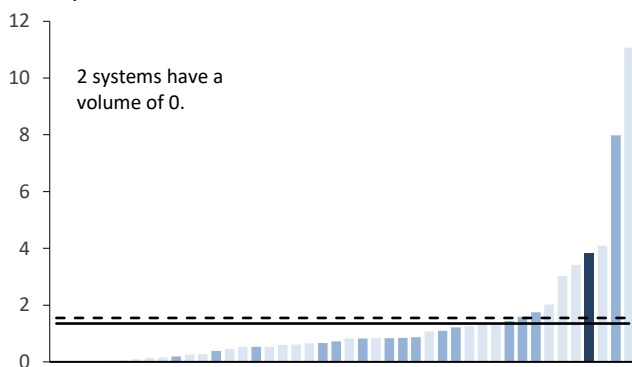
## 1D Purchases and Transfers-in

per 1,000 active members and annuitants



## 1E Disability Applications

per 1,000 active members and annuitants

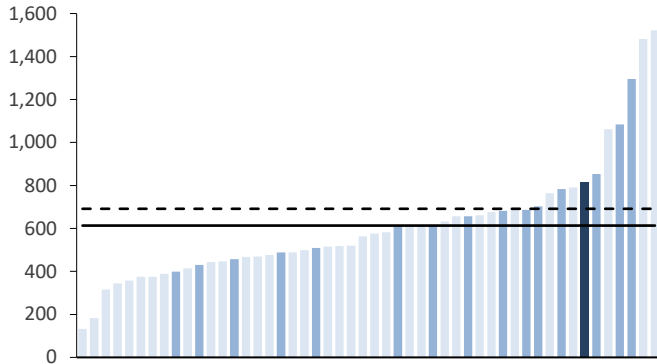


You
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— All Avg

# Communications transactions per 1,000 members: Graphical comparisons

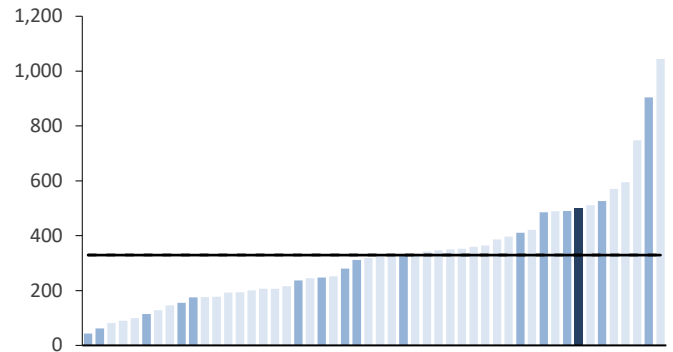
## 2A Calls and Emails

per 1,000 active members and annuitants



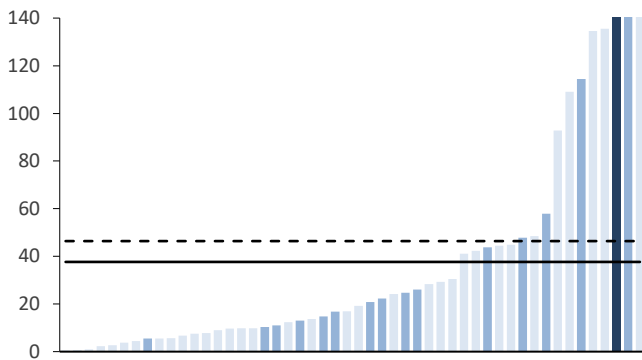
## 2B Incoming Mail

per 1,000 active members and annuitants



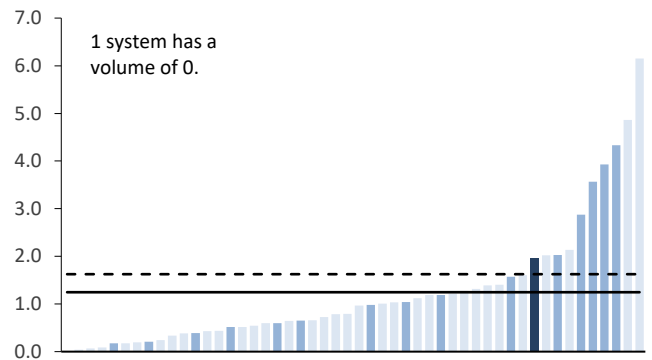
## 2C Members Counseled 1-on-1

per 1,000 active members and annuitants



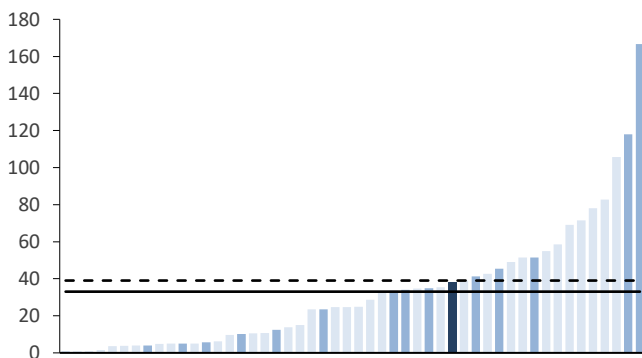
## 2D Member Presentations

per 1,000 active members and annuitants



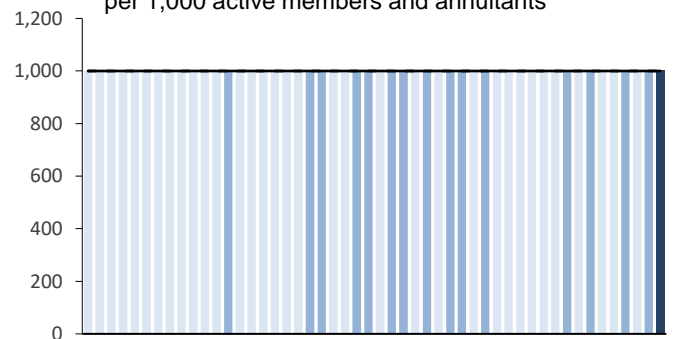
## 2E Written Estimates

per 1,000 active members and annuitants



## 2F Mass Communication (Active Members and Annuitants)

per 1,000 active members and annuitants

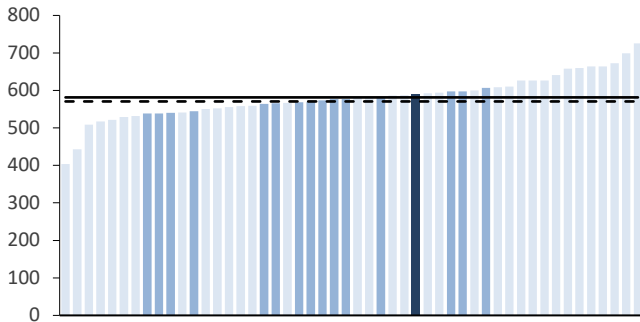


You
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— All Avg

# Collections and data transactions per 1,000 members: Graphical comparisons

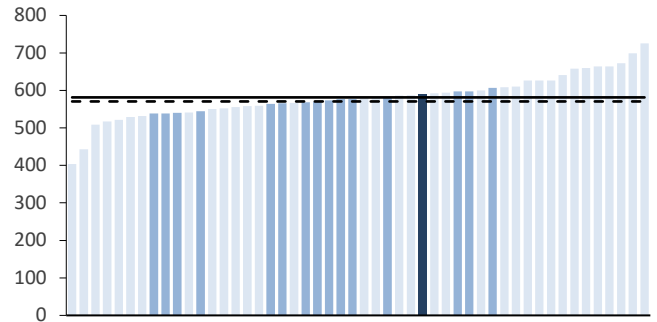
**3A Data and Money from Employers (Active Members)**

per 1,000 active members and annuitants



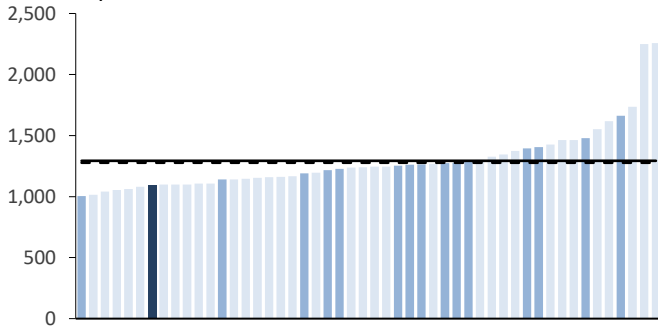
**3B Service to Employers (Active Members)**

per 1,000 active members and annuitants



**3C Data Not from Employers (Actives, Inactives, Annuitants)**

per 1,000 active members and annuitants



You
  Peer
  All
 - - - - Peer Avg
— All Avg

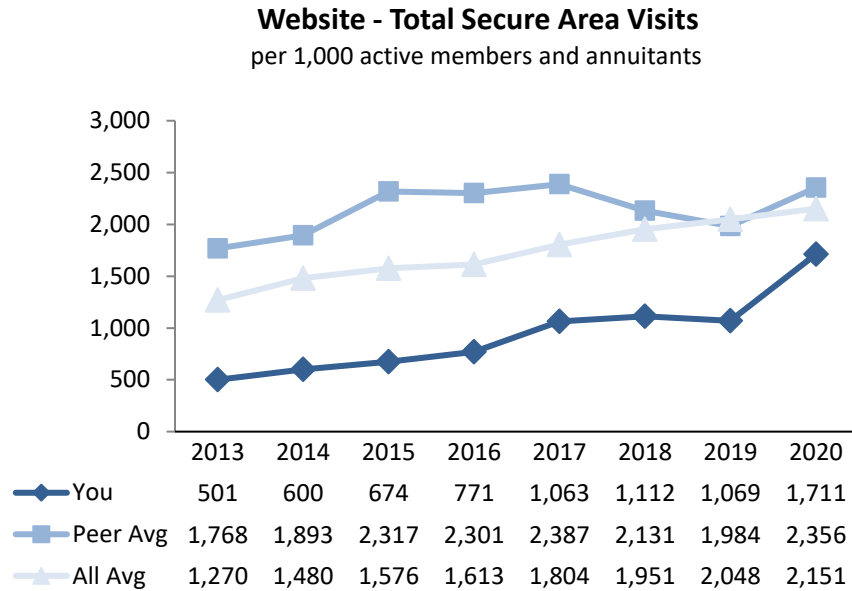
## Online transactions

Online Tool	% offering tool			If offered: Volume per 1,000 active members and annuitants		
	You	Peer	All	You	Peer Median	All Median
Benefit calculators						
In non-secure area	Yes	50% Yes	46% Yes	254	256	254
In secure area not linked to member data	No	0% Yes	16% Yes	n/a	n/a	13
In secure area linked to member's salary and service data	Yes	75% Yes	88% Yes	726	558	532
Service credit purchase calculator	No	75% Yes	75% Yes	n/a	48	46
Register for counseling sessions	Yes	63% Yes	42% Yes	37	9	14
Real-time access to available dates and times	Yes	90% Yes	85% Yes			
Financial planning tool	No	8% Yes	13% Yes			
Linked to member-specific data	n/a	0% Yes	33% Yes			
Linked to data from third parties	n/a	0% Yes	67% Yes			
Register for counseling presentations	Yes	94% Yes	75% Yes	9	10	14
Live chat	n/a	7% Yes	8% Yes	n/a	n/a	6
Chatbot	No	0% Yes	0% Yes			
Change address	Yes	81% Yes	92% Yes	14	17	38
Change beneficiary	Yes	63% Yes	65% Yes	62	53	43
Change email address	Yes	81% Yes	92% Yes	4	18	23
Reset password	Yes	87% Yes	89% Yes	115	142	84
Tools for annuitants						
Change banking information for direct deposit	Yes	56% Yes	54% Yes	5	13	7
Change tax withholding amount	Yes	69% Yes	71% Yes	16	21	20
Download or print duplicate tax receipts	Yes	81% Yes	82% Yes	61	78	78
View annuity payment details	Yes	88% Yes	86% Yes	138	271	159
Submit a retirement application	n/a	47% Yes	51% Yes	n/a	9	8
View status of online retirement application	n/a	43% Yes	43% Yes	n/a	76	25
Apply for a refund or a transfer-out	No	38% Yes	34% Yes	n/a	20	11
Digital file of recent correspondence and member documents	Yes	50% Yes	50% Yes	301	352	407
Download member statement	Yes	88% Yes	86% Yes	136	282	251
Upload documents	No	56% Yes	48% Yes	n/a	8	20
View pensionable earnings and/or service without downloading	Yes	63% Yes	82% Yes	1,711	1,110	774
If yes:						
Are both salary and service data available?	Yes	100% Yes	98% Yes			
Is online data up-to-date to the most recent pay period?	Yes	80% Yes	80% Yes			
Is a complete annual history from the beginning of employment provided?	No	60% Yes	61% Yes			
If you administer a core DC or hybrid DB/ DC plan:						
Switch between investment options	n/a	67% Yes	67% Yes	n/a	29	6
Change deferral percentage selections for regular contributions	n/a	17% Yes	36% Yes	n/a	285	8
Initiate withdrawals	n/a	50% Yes	50% Yes	n/a	57	13
View current valuation of their account	n/a	83% Yes	79% Yes	n/a	599	647

Offering online transactions as an option is higher service. Online transactions can also reduce costs provided sufficient volumes are achieved.

## Online trends

Total secure website visits per 1,000 active members and annuitants for your peers that have participated for 8 consecutive years has grown at a compound annual rate of 4.2% between 2013 and 2020. The all participant average is 7.8%. Your growth rate over the same period is 19.2% per annum.

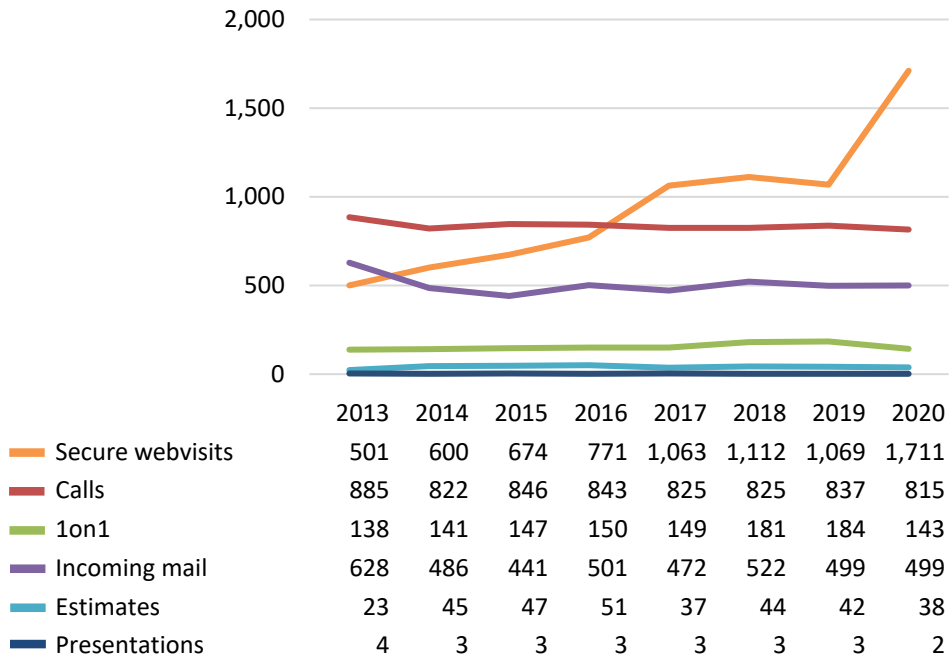


Trend analysis is based on systems that have provided 8 consecutive years of data.

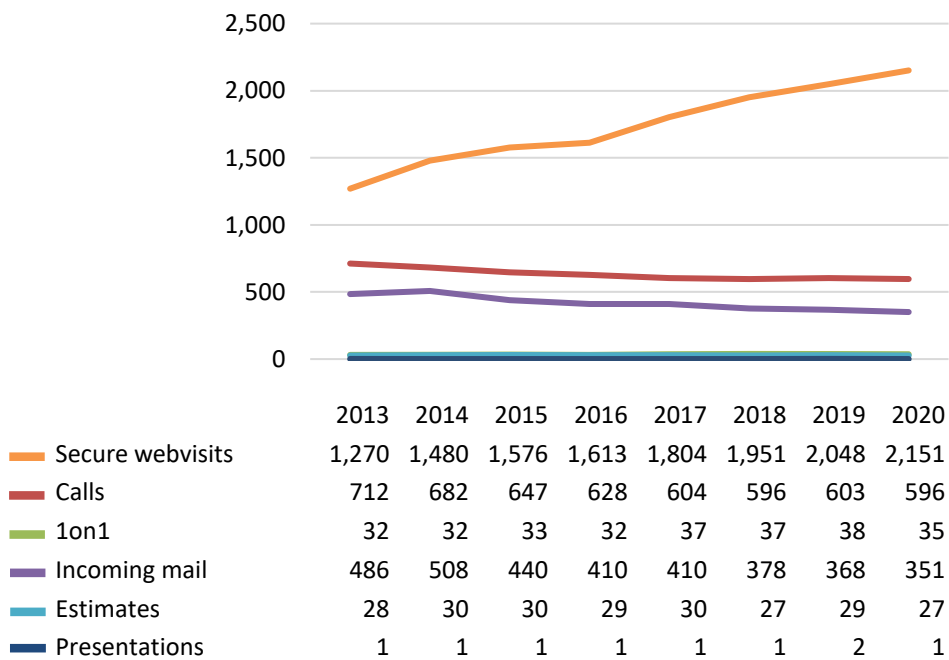


## Transaction trends

### Transactions per 1,000 members - You



### Transactions per 1,000 members - All Avg



Trend analysis is based on 38 systems that provided 8 consecutive years of data.

# 7

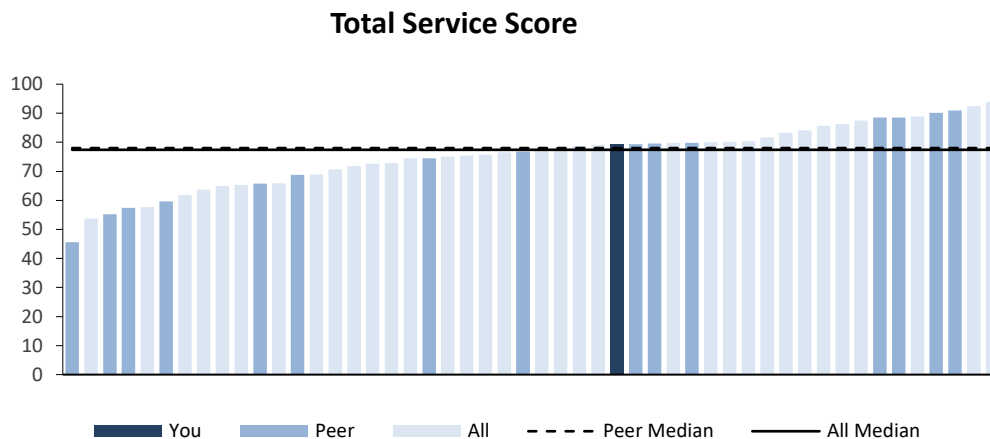
## Service Levels

This section:

- Analyzes your current service levels relative to your peers, and other retirement systems in the U.S., Canada, Denmark, Sweden and the Netherlands to identify what you do and how it compares to others.
- Identifies areas where you may be able to improve or reduce your service levels.
- Provides details of the methodology and criteria we used to evaluate your service levels.

## Total service score

Your total service score was 79 out of 100. This was above the peer median of 78.



Your total service score is the weighted average of your service scores for the activities shown on the next page.

### Interpreting your service score

A higher service score is not necessarily better. This is because:

- High service may not always be cost effective or optimal. For example, it is clearly higher service for your members to have a contact center open 24 hours a day but few systems would be able to justify the cost.
- Our 'weights' are an approximation of the importance of an individual service element. The weights will not always reflect the relative importance that you or your members attach to an individual service element.

The service measures are most useful for identifying what you are doing differently than your peers. Understanding these differences can give you ideas on how you may want to improve or reduce the service you provide to your members.

### Service score methodology changes

CEM's changed satisfaction surveying to customer experience surveying. Refer to Appendix E for further details.

## Comparisons of activity service scores

Your total service score is the weighted average of your service scores for each of the activities shown in the table below. The rationale for the weighting scheme is discussed on the following page.

Service Scores by Activity													
Activity	Weight <sup>1</sup>	You <sup>3,4</sup>				Peer 2020				All 2020			
		2020	2019	2018	2017	Avg	Max	Med	Min	Avg	Max	Med	Min
<b>1. Member Transactions</b>													
Pension Payments	10.4%	100	100	100	100	100	100	100	95	100	100	100	95
Pension Inceptions	7.7%	98	98	94	98	77	98	86	9	83	100	88	9
Refunds, Withdrawals, and Transfers-out	1.4%	95	95	95	95	75	100	93	5	69	100	87	5
Purchases and Transfers-in	3.2%	16	16	16	16	70	96	82	16	70	100	80	0
Disability	n/a	n/a	n/a	n/a	n/a	83	100	81	64	81	100	82	10
<b>2. Member Communication</b>													
Call Center	21.8%	74	70	75	83	64	93	66	36	66	95	70	34
1-on-1 Counseling	7.7%	85	86	87	87	83	99	86	56	79	100	83	36
Member Presentations	6.8%	100	100	100	100	91	100	100	38	90	100	100	0
Written Pension Estimates	4.9%	69	69	69	69	75	100	77	25	81	100	86	25
<b>Mass Communication</b>													
Website <sup>3</sup>	22.1%	76	76	76	76	67	96	75	5	73	96	76	5
News and Targeted Communication	2.9%	77	76	76	76	73	96	72	8	70	99	75	8
Member statements	4.9%	89	88	88	88	81	94	88	57	77	97	82	15
<b>3. Quality Indicators</b>													
Member Experience Surveying	5.2%	43	22	22	15	33	78	32	0	35	93	35	0
Disaster Recovery	1.0%	99	99	99	99	89	100	90	60	90	100	95	55
<b>Total Service Score<sup>2</sup></b>	<b>100%</b>	<b>79</b>	<b>77</b>	<b>78</b>	<b>80</b>	<b>74</b>	<b>91</b>	<b>78</b>	<b>46</b>	<b>75</b>	<b>94</b>	<b>77</b>	<b>46</b>

1. The rationale for the weighting scheme is shown on the next page. Other systems may have slightly different activity weights than you. Their weights reflect the member transactions that they administer. For example, you do not administer disability whereas some of your peers do. Therefore, the average total service score will not match the activity weight multiplied by the average activity service score.

2. You do not do the activities where 'n/a' is shown as your score. These activities were explicitly excluded from the calculation of your service score by setting the weight for these activities to 0 and increasing all other weights pro rata.

3. Website capabilities are also incorporated in the service scores for other activities. Those activities and the contribution of the website-related part of the score are: 1a Pension Payments, 0.5%, 2c 1-on-1 Counseling, 1.3%, 2d Member Presentations, 4.7% and 2e Written Pension Estimates, 2.2%, for a total of 8.7%

4. Historic scores have been restated to reflect changes in methodology.

## Rationale for the weighting scheme

CEM considered the following 7 criteria to determine the weights used to calculate your total service score:

1. **Feedback from Participants**

The weights reflect feedback from participants solicited at on-site meetings, symposiums and peer conferences.

2. **Relative Cost of Each Activity**

As shown in section 3, the average participant spends 5.3% of its annual budget on member calls versus 2.1% for 1-on-1 counseling. Thus, based solely on relative cost, member calls are 2.6 times more important than 1-on-1 counseling.

3. **Relative Volume of Each Activity** (i.e., how many times does the service 'touch' a member?)

The average system does 23 pension inceptions and receives 613 member calls for every 1,000 active members and annuitants. Thus, based solely on relative volume, calls are 27.2 times more important than pension inceptions.

4. **Expectations Based on External Experience**

Members have external comparisons for receiving payments, telephone calls, and annual statements (for example, they can compare some of your services with the services provided by their bank). However, it is unlikely that they can compare a pension inception. It is important to recognize that members can compare some processes externally.

5. **Personalized Human Contact**

Research shows that human contact provides the greatest opportunity for generating customer satisfaction. Thus, based solely on personalized human contact, counseling and calls are more important than 'no contact' activities such as the website or paying pensions.

6. **About Members' Money**

Nothing gets a member's attention faster than their own money. Based on this criterion, things like benefit calculators linked to member data, benefit statements and paying pensions are much more important than newsletters or brochures.

7. **Mission Critical**

Paying pensions is mission critical. Producing newsletters is not.

## Service Trends

Service Score Trends by Activity												
Activity	You				Peer Average <sup>1</sup>				All Average <sup>1</sup>			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
<b>1. Member Transactions</b>												
Pension Payments	100	100	100	100	100	100	100	100	100	100	100	100
Pension Inceptions	98	94	98	98	79	79	80	80	84	86	85	86
Refunds, Withdrawals, and Transfers-out	95	95	95	95	79	80	81	81	70	70	71	69
Purchases and Transfers-in	16	16	16	16	69	69	75	71	73	72	73	68
Disability	n/a	n/a	n/a	n/a	83	82	83	84	83	82	83	83
<b>2. Member Communication</b>												
Call Center	83	75	70	74	65	64	64	66	70	68	67	68
1-on-1 Counseling	87	87	86	85	84	83	84	85	79	79	80	81
Member Presentations	100	100	100	100	97	96	95	89	91	95	93	89
Written Pension Estimates	69	69	69	69	76	75	74	74	83	83	83	83
<b>Mass Communication</b>												
Website	76	76	76	76	73	74	75	75	73	74	75	75
News and Targeted Communication	76	76	76	77	76	77	78	78	76	75	75	73
Member statements	88	88	88	89	83	85	83	83	79	79	78	78
<b>3. Quality Indicators</b>												
Member Experience Surveying	15	22	22	43	32	33	31	36	36	36	37	39
Disaster Recovery	99	99	99	99	86	88	87	89	90	91	91	92
<b>Total Service Score</b>	<b>80</b>	<b>78</b>	<b>77</b>	<b>79</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>77</b>	<b>77</b>	<b>77</b>	<b>77</b>	<b>77</b>

1. Trend analysis is based on systems that have participated for 8-consecutive years (11 peers and 38 World systems). This ensures that trends are not caused by changes in the composition of the participants.

Historic scores have been restated to reflect changes in methodology. If any service question was not asked in a prior year, we used your response from the year when the question was first asked as a default.

## Where can you potentially improve your score?

Potential Improvement in Total Service Score by Activity			
Activity	Weight	Your Service Score	Potential improvement in your total service score if you scored 100 for the activity <sup>1</sup>
<b>1. Member Transactions</b>			
Pension Payments	10.4%	100.0	0.0 points
Pension Inceptions	7.7%	97.8	0.2 points
Refunds, Withdrawals, and Transfers-out	1.4%	95.0	0.1 points
Purchases and Transfers-in	3.2%	16.0	2.7 points
Disability	n/a	n/a	n/a
<b>2. Member Communication</b>			
Call Center	21.8%	74.0	5.7 points
1-on-1 Counseling	7.7%	85.4	1.1 points
Member Presentations	6.8%	100.0	0.0 points
Written Pension Estimates	4.9%	68.5	1.5 points
Mass Communication			
Website	22.1%	76.0	5.3 points
News and Targeted Communication	2.9%	76.5	0.7 points
Member statements	4.9%	88.8	0.5 points
<b>3. Quality Indicators</b>			
Member Experience Surveying	5.2%	42.6	3.0 points
Disaster Recovery	1.0%	99.0	0.1 points
<b>Total</b>	<b>100%</b>	<b>79.2</b>	<b>20.8 points</b>

1. Each listed potential improvement to total service score equals 100 minus your 2020 score multiplied by the weight used to determine the total service score.

## Biggest potential improvements to your total service score

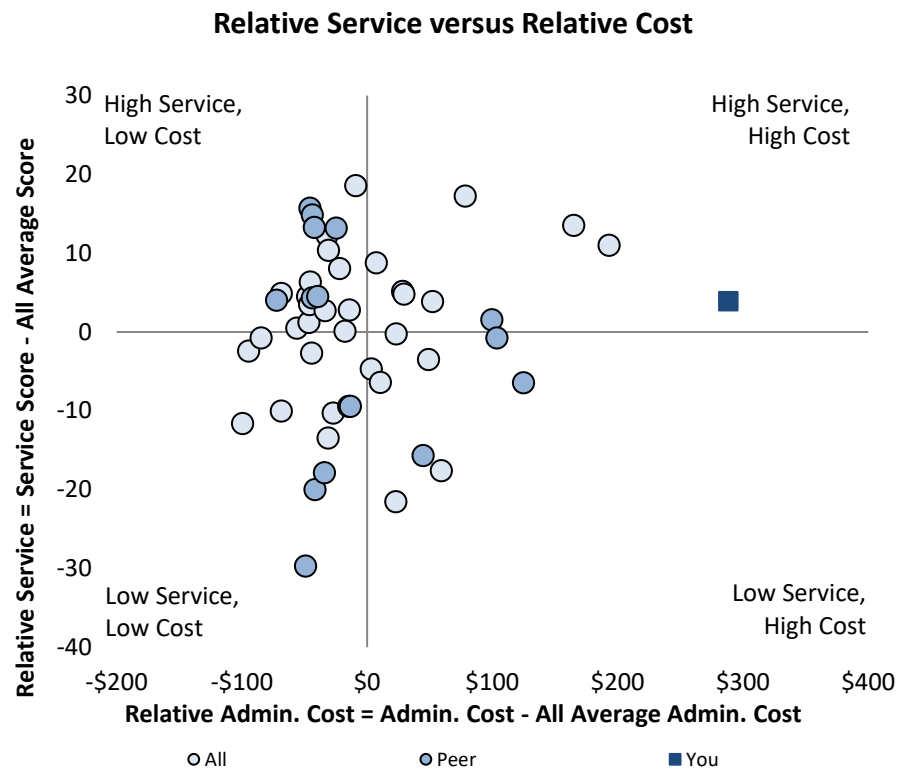
CEM is not recommending these changes. Higher service is not necessarily optimal or cost effective. We include this summary analysis because many participants want to know what they would have to do to achieve a higher score. For a complete list of all improvements required to achieve a perfect service score, please refer to the last pages of this section.

The table below lists five key areas where the biggest potential improvements to your total service score can be made.

Biggest potential improvements to your total service score		
Rank	Factor	Potential Improvement
# 1	On average, members calling your call center reach a knowledgeable person in 394 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.	+ 3.93
# 2	On average, you provide a service credit purchase in 90 days. To achieve a perfect service score, you must be able to provide a service credit purchase estimate in 1 day or less.	+ 2.58
# 3	You provide estimates on average in 60.0 days. To achieve a perfect service score, the weighted average time required to provide written and online estimates must be same day or less.	+ 1.54
# 4	7.2% of your incoming calls resulted in undesired outcomes (e.g., busy signals, messages, hang-ups). To achieve a perfect service score, members must experience no undesired call outcomes.	+ 1.26
# 5	Your members are forced to acknowledge a disclaimer every time they log-in or use the calculator. To achieve a perfect service score members must not be forced to acknowledge a disclaimer every time they log-in or use the calculator.	+ 0.89



## Relationship between service and pension administration cost



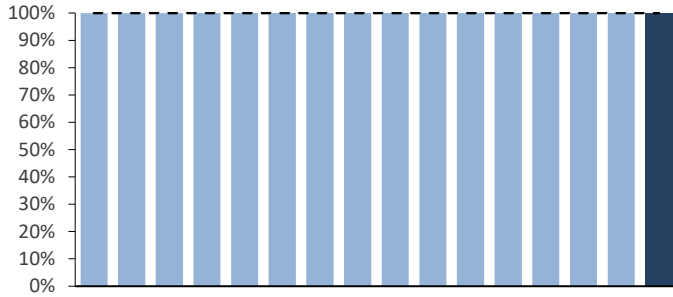
Service scores are not good predictors of costs because:

- Costs are driven much more by the volume of service transactions (e.g., the number of calls, 1-on-1 sessions, presentations, etc.) than they are by their timeliness, availability, or quality.
- Service is partly a function of historic investment in information technology. These historic costs are not always reflected in current administration costs.

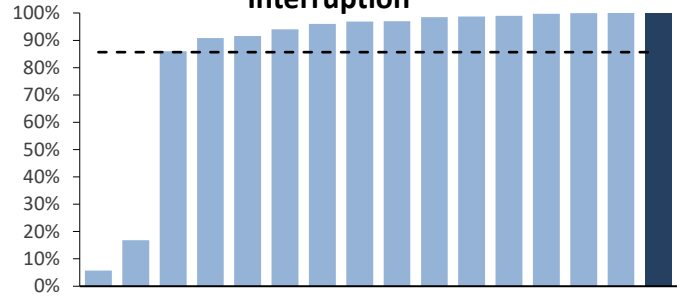
# Graphical comparison of key measures

This page shows key service metrics that are especially important from a member's perspective.

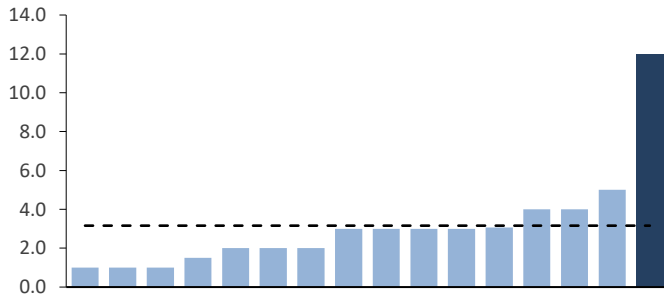
### % Payroll on Time



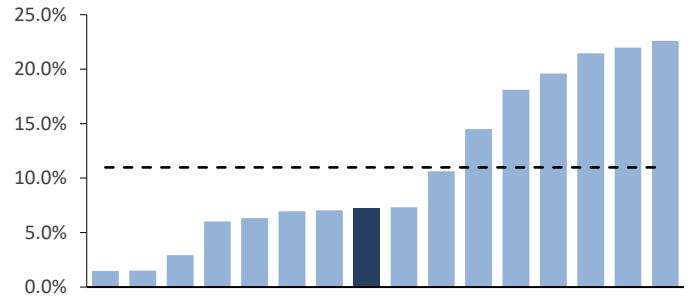
### % Inceptions Without a Cash Flow Interruption



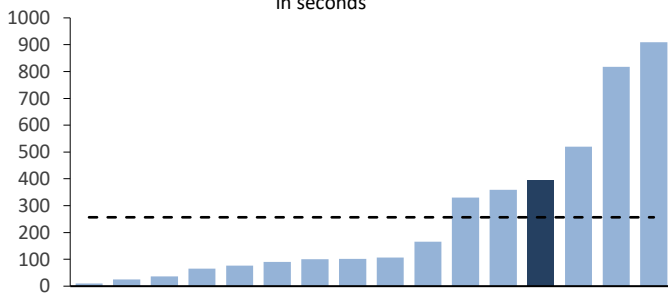
### Disability Turnaround Time in months



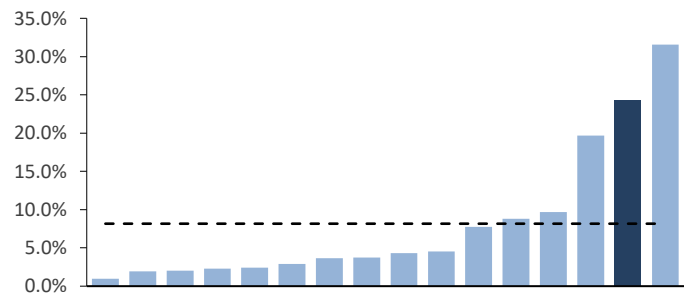
### Undesired Call Outcomes as a % of incoming calls



### Call Wait plus Menu/Receptionist Time in seconds



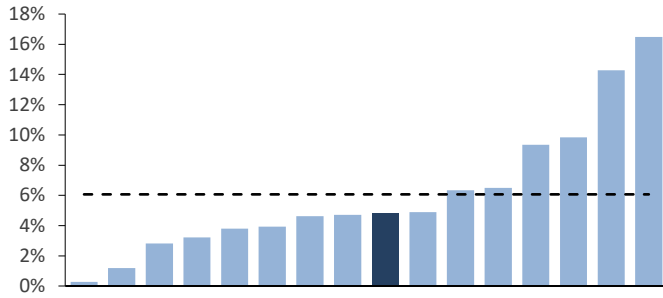
### Members Counseled 1-on-1 as a percentage of active members



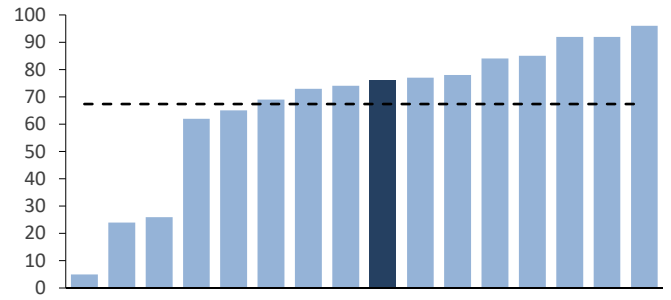
■ You    ■ Peer    - - - Peer Avg

# Graphical comparison of key measures

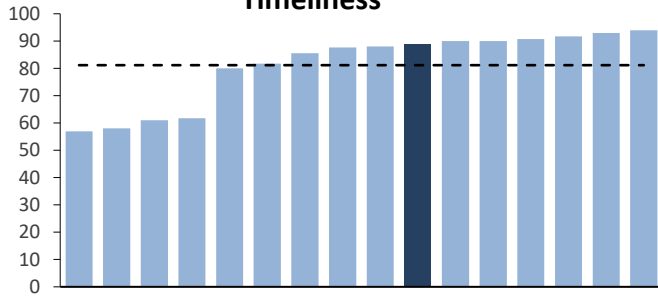
**Members Attending Presentations**  
as a percentage of active members



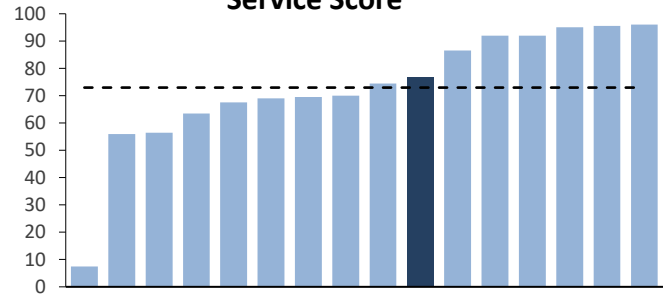
**Website Capability**



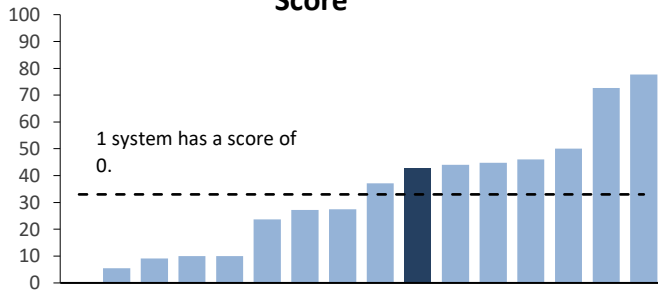
**Member Statement Content and Timeliness**



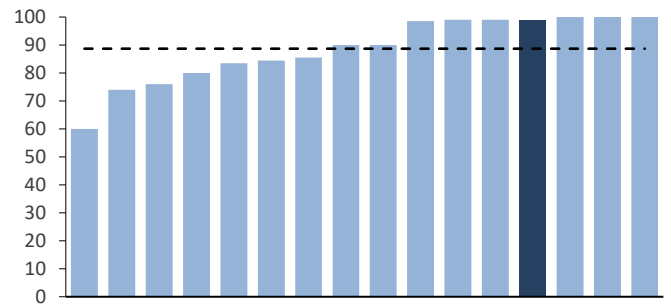
**News and Targeted Communication Service Score**



**Member Experience Surveying Service Score**



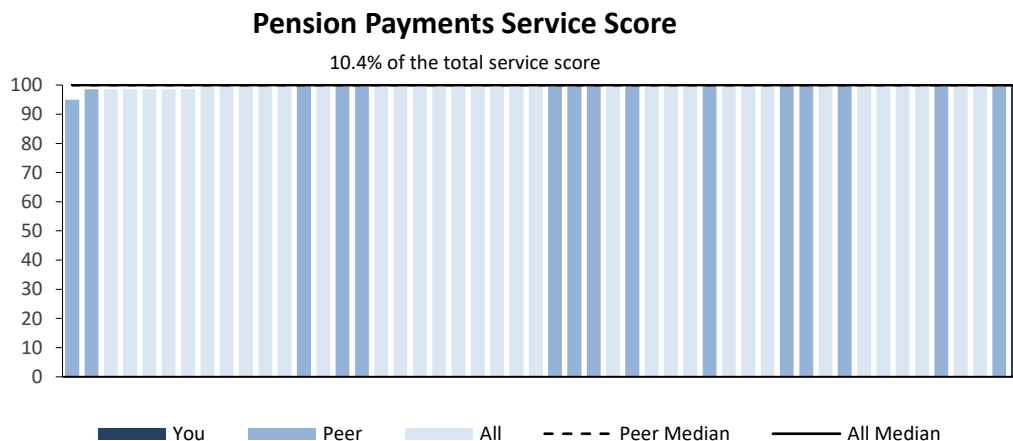
**Disaster Recovery Service Score**



You
  Peer
  Peer Avg

## 1A Pension Payments

Your service score for paying pensions was 100 out of 100. This was equal to the peer median.

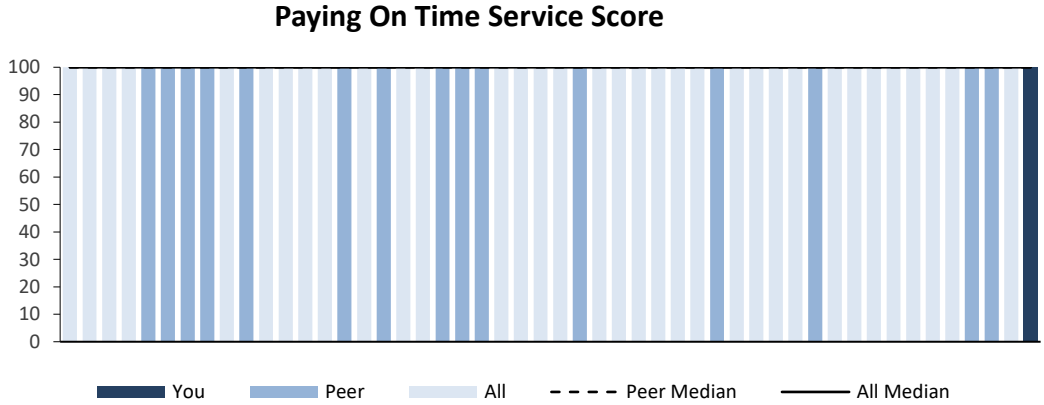


Your service score for 1a pension payments is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Pension Payments Service Score Components		
	Weight	Your Score
Paying on time	95%	100.0
Payment advices	5%	100.0
<b>Weighted Total</b>	<b>100%</b>	<b>100.0</b>

# Paying on time

Your service score for paying on time was 100 out of 100. This was equal to the peer median.



1. Scoring method		Your Data	Your Score
+ 100	if none of your pension payrolls were late vis-à-vis your normal payment cycle, otherwise 100 - (10 X number of late payrolls X average days late)	n/a	100
Total score			100

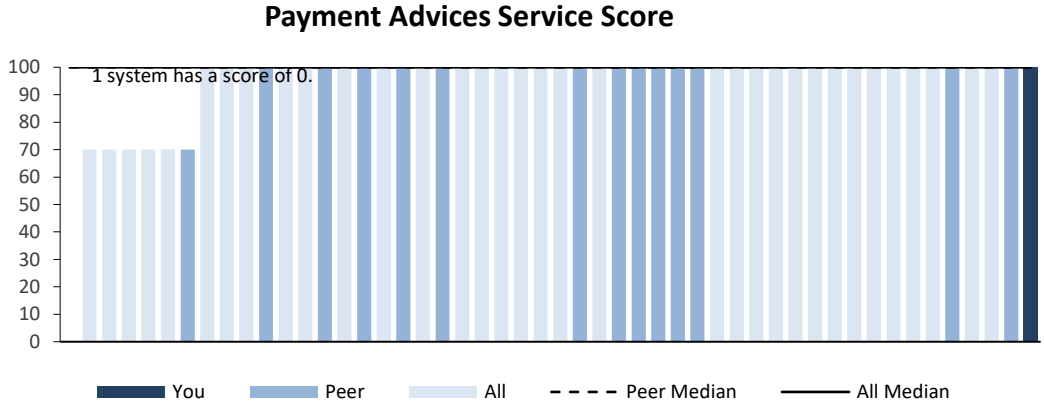
**2. Rationale for the scoring method**

Paying pensions on time is a critical component for all retirement systems. A perfect score requires that all regular payments are paid on time to the correct annuitants.

3. Survey questions used		You	Peer Avg
Q11	Were any of your pension payrolls late vis-à-vis your normal payment cycle? [For example, a payroll might be late because of IT system problems, etc.]	No	0% Yes
	a) How many payrolls were late?	n/a	n/a
	b) On average, how many days late were they?	n/a	n/a

# Payment advices

Your service score for payment advices was 100 out of 100. This was equal to the peer median.



1. Scoring method	Your Data	Your Score
+ 100 if payment advices can be viewed online	Yes	100.0
<u>Or if you send payment advices by paper:</u>		
+ 80 if you send payment advices detailing the gross payment and deductions with every payment, 70 if every time amount changes, 50 if payment advices are sent quarterly, otherwise 0	Every Payment	n/a
+ 20 if you can comply with a request not to send a payment advice	No	n/a
<b>Total score</b>		<b>100.0</b>

**2. Rationale for the scoring method**

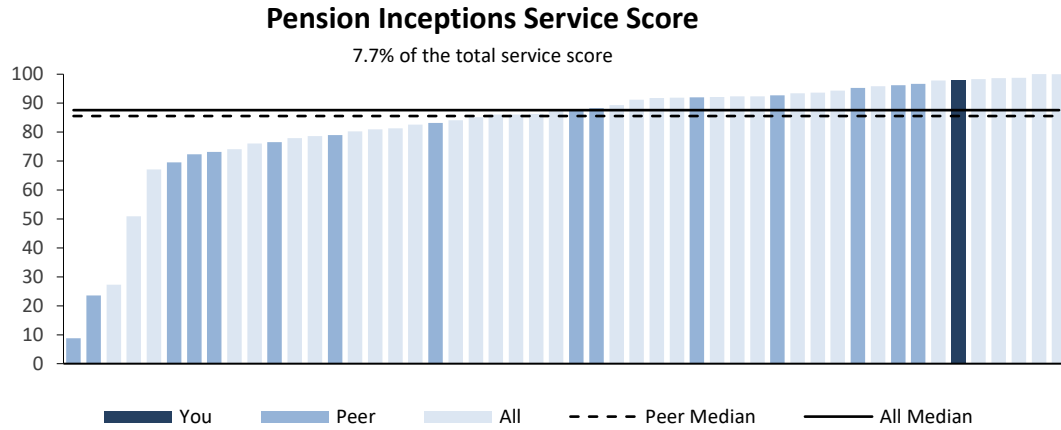
Paperless is most cost-effective. Therefore, systems that provide payment advices online get full points. Alternatively, systems that still send paper and can comply with a members request not to send payment advices, also receive the highest score.

# Payment advices

3. Survey questions used		You	Peer Avg
Q13	Do you send out payment advices (i.e., gross/ net specifications) in paper format to members receiving EFT payments?	Yes	88% Yes
	a) How frequently do you send payment advices with your EFT payments detailing the gross payment and deductions?	Every Payment	6 times
	b) Can you comply with a member's request not to send them payment advices?	No	36% Yes
Q77	Indicate whether the following capabilities are available on your website and provide volumes:		
	q) View pension payment details? [i.e., gross amounts, deductions]	Yes	88% Yes

## 1B Pension Inceptions

Your service score for pension inceptions was 98 out of 100. This was above the peer median of 86.



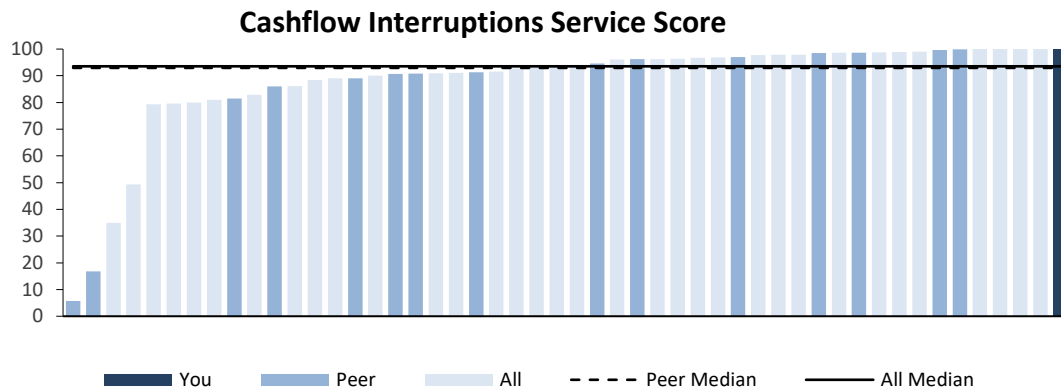
Your service score for 1b pension inceptions is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Pension Inceptions Service Score Components		
	Weight	Your Score
Cashflow interruptions	78%	100.0
Survivor pensions	11%	100.0
Red tape	11%	80.0
<b>Weighted Total</b>	<b>100%</b>	<b>97.8</b>



## Cashflow interruptions

Your service score for cashflow interruptions was 100 out of 100. This was above the peer median of 93.



1. Scoring method	Your Data	Your Score
+ 100 if 100% of your service pensions were incepted without a cashflow interruption greater than 1 month, otherwise 100 X percent of inceptions that occur within 1 month of final paycheck	100.0%	100.0
If a service retirement is based on estimates, less: - 10 10 X percent of service retirements based on estimates X average number of months to finalize / 3 [Subject to a maximum deduction of 10 and a minimum score of 0]	No n/a n/a	0.0
<b>Total score</b>		<b>100.0</b>

### 2. Rationale for the scoring method

Retiring members should not experience a cash flow interruption between their final pay check and their first pension check. A cash flow interruption could cause financial hardship.

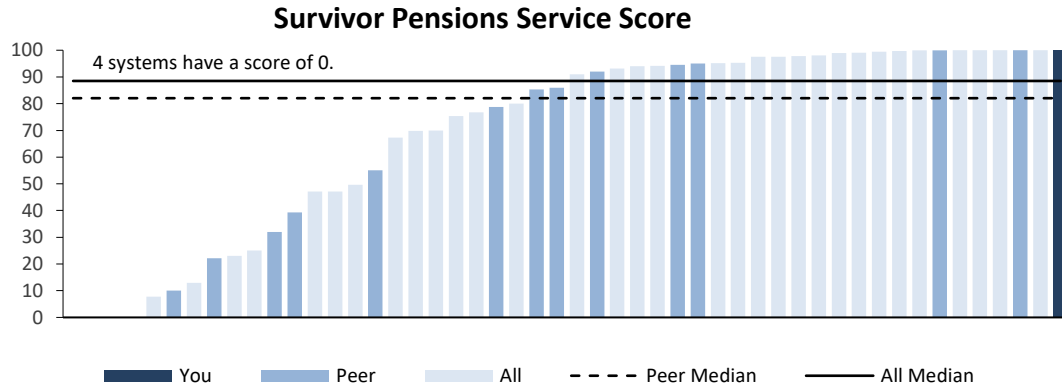
When pension payments are based on estimates, the sooner the amount is finalized, the better because estimates can cause financial uncertainty.

## Cashflow interruptions

3. Survey questions used		You	Peer Avg
Q16	<p>What percentage of annuity inceptions for:</p> <p>a) Retiring active members are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check?</p>	100.0%	85.7%
Q17	<p>Will you initiate a service retirement pension based on existing data or estimates, recognizing that you will have to finalize the payments later after you get final</p> <p>a) If yes, what proportion of your service retirement inceptions to retiring active members was based on existing data or estimates?</p> <p>b) On average, how long did it take to finalize service retirement inceptions based on estimates? (in months)</p>	<p>No</p> <p>n/a</p> <p>n/a</p>	<p>63% Yes</p> <p>70.3%</p> <p>2.7 months</p>

## Survivor pensions

Your service score for survivor pensions was 100 out of 100. This was above the peer median of 82.



1. Scoring method	Your Data	Your Score
+ 100 if all of your survivor pensions were inceptioned without a cashflow interruption greater than 1 month, otherwise: 100 x percent of pensions paid without interruption to survivors	100.0%	100.0
<b>Total score</b>		<b>100.0</b>

### 2. Rationale for the scoring method

An interruption in a pension benefit at the death of the primary annuitant creates potential hardship for the survivor at a difficult time. A perfect score requires that all survivor pensions are paid without interruption.

### 3. Survey questions used

	You	Peer Avg
Q16 What percentage of annuity inceptiones for: b) Survivors are paid without an interruption of cash flow between the pensioner's final pension check and the survivor's first pension check?	100.0%	61.9%

## Red tape

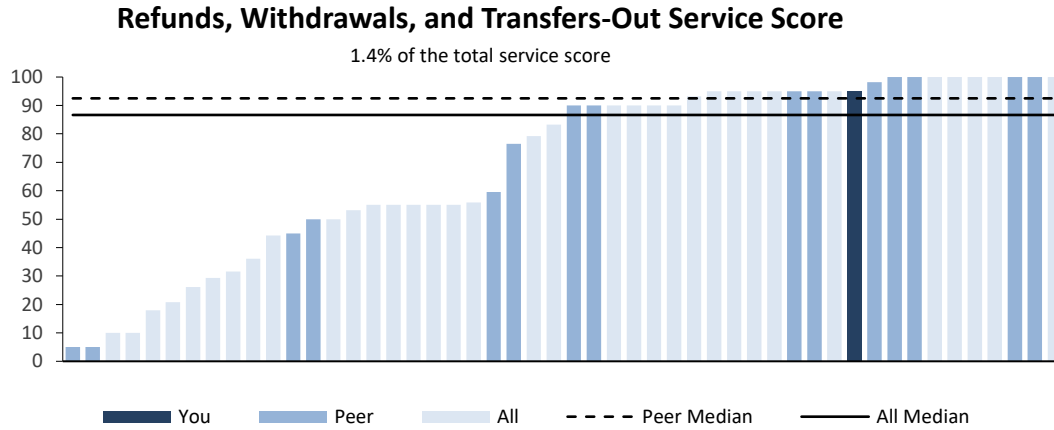
1. Scoring method		Your Data	Your Score
+ 80	if you do not require notarization of retirement applications, or + 40 if you require notarization of some retirement applications	not required	80.0
+ 20	if you do not require birth/marriage certificates before incepting a pension	required	0.0
Total score			80.0

2. Rationale for the scoring method	
<p>Extra red tape creates work for members and may not provide additional protection for the system. For example, notarizations can be fraudulent. Many systems have decided that the potential risk reduction does not justify the inconvenience caused to members.</p>	

3. Survey questions used		You	Peer Avg
Q18	Do you require birth certificates and/or marriage certificates before incepting a pension?	Yes	81% Yes
Q19	Do you require notarization of normal or early retirement applications?	No	44% Yes

# 1C Refunds, Withdrawals, and Transfers-out

Your service score for refunds, transfers-out and withdrawals was 95 out of 100. This was above the peer median of 93.



1. Scoring method		Your Data	Your Score
<u>Withdrawal timeliness</u>			
+ 45	if withdrawals are completed in 30 days or less, otherwise 45 - 1.8 for each day over 30 days [Subject to a minimum score of 0]	30	45.0
<u>Transfers-out timeliness</u>			
+ 45	if transfers-out are completed in 30 days or less, otherwise 45 - 0.9 for each day over 30 days [Subject to a minimum score of 0]	30	45.0
<u>No red tape</u>			
+ 10	if you do not require notarization for refund or transfer-out applications, 5 if some applications require notarization, 0 if notarization is required	Some	5.0
Total score			95.0

2. Rationale for the scoring method

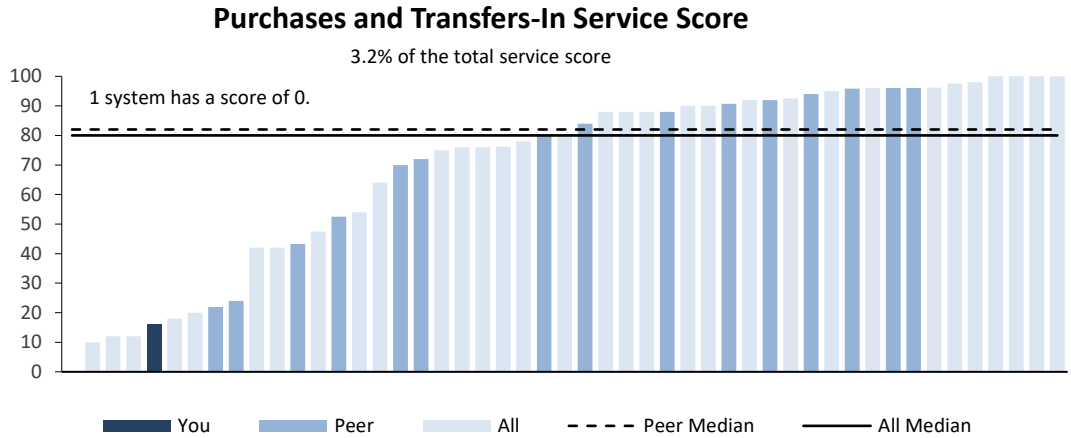
Speed from request to completion is what matters to members, regardless of whether the delays are caused by internal or external parties.

## 1C Refunds, Withdrawals, and Transfers-out

3. Survey questions used		You	Peer Avg
Q21	How long does it take on average for you to issue a refund check, including any required wait period, beginning from the time of the initial request by the member (in days)?	30	34 days
	a) Are you legislated to have a wait period before you can effect a refund?	No	38% Yes
	b) How long is the wait period? (in days)	n/a	58 days
	c) Can the wait period be waived?	n/a	33% Yes
Q22	How long does it take on average for you to complete an individual transfer-out to an external system, including delays caused by external parties, beginning from the time of initial request by the member (in business days)?	30	40 days
Q23	Do you require notarization of refund or transfer-out applications?	Some	25% Yes

# 1D Purchases and Transfers-in

Your service score for purchases and transfers-in was 16 out of 100. This was below the peer median of 82.



1. Scoring method		Your Data	Your Score
<p><u>Service credit purchase estimates</u></p> <p>+ 80 if you can provide an estimate in 1 day or less, otherwise 80 - 2 per day over 1 day [Subject to a minimum score of 0]</p>			
		90 days	0.0
<p><u>Transfers-in</u></p> <p>+ 20 if a member's transfer-in application is processed within 1 month, otherwise 20 - 2 per month over 1 month [Subject to a minimum score of 0]</p>			
		3.0 months	16.0
Total score			16.0

**2. Rationale for the scoring method**

From a member perspective, faster is higher service.

The score for transfers-in is mostly based on your own timeliness. A small part of the score is based on the total time it takes to complete transfers-in (i.e., including delays caused by third parties). Speed from request to completion is what matters to members, regardless of whether the delays are caused by internal or external parties.

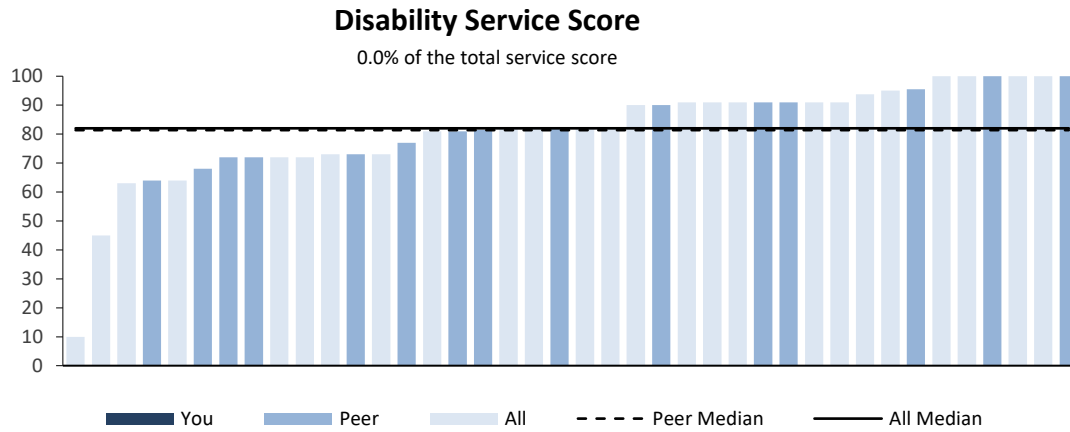
## 1D Purchases and Transfers-in

3. Survey questions used		You	Peer Avg
Q26	On average, how many business days does it take from the date of first request to provide a written service credit purchase cost?	90	17 days
Q27	How long does it take on average for you to complete an individual transfer-in, including delays caused by external parties (in months)?	3.0	2 months



# 1E Disability

You do not do disability, therefore you do not have a service score for this activity.



1. Scoring method	Your Data	Your Score
+ 90 if you return a decision on a disability application in 1 month or less, otherwise 90 - 9 for each month over 1 month [Subject to a minimum score of 0]	12.0 months	n/a
+ 10 if you do not require notarization of disability applications, 5 if some applications require notarization, 0 if notarization is required	not required	n/a
<b>Total score</b>		<b>n/a</b>

**2. Rationale for the scoring method**

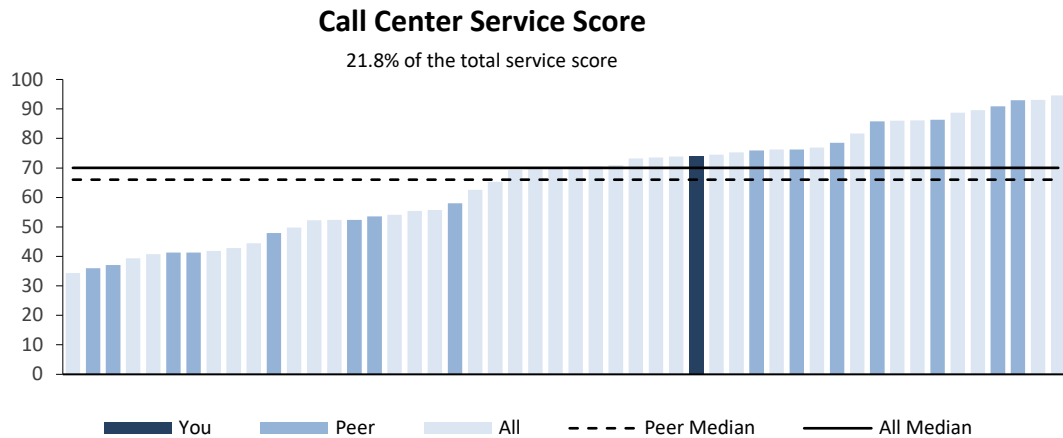
Taking more than 1 month to return a decision in a disability application can cause financial insecurity for members. Faster turnaround times are higher service from the member's perspective.

Requiring notarization causes delays and inconvenience from the member's perspective.

3. Survey questions used	You	Peer Avg
Q31 How many months, on average, does it take to return a decision on a disability application from: a) date of initial request from a member?	12.0	3 months
Q32 Do you require notarization of disability applications?	No	25% Yes

## 2A Call Center

Your call center service score was 74 out of 100. This was above the peer median of 66.

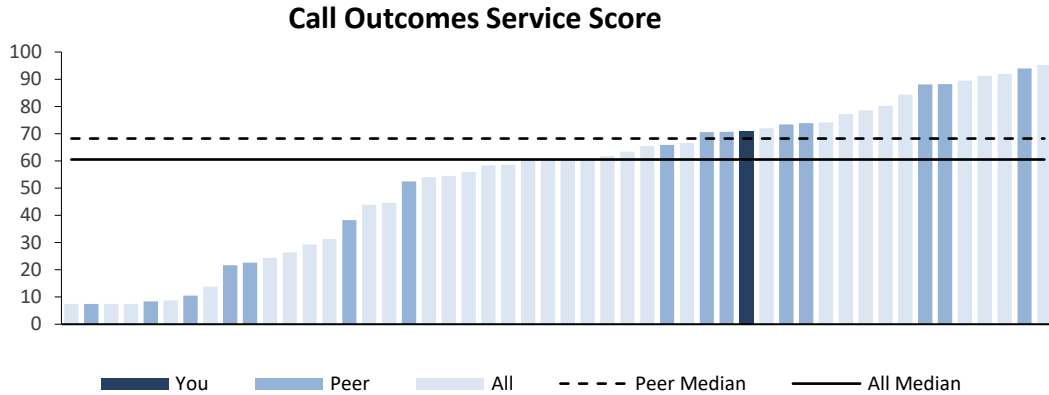


Your service score for 2a call center is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Call Center Service Score Components		
	Weight	Your Score
Call outcomes	20%	71.0
Wait time	20%	6.0
Menu layers	10%	100.0
CRM and other capability	35%	100.0
Call quality	15%	90.7
Weighted Total	100%	74.0

# Call outcomes

Your service score for call outcomes was 71 out of 100. This was above the peer median of 68.



1. Scoring method		Your Data	Your Score
+ 90	if members experience no undesired call outcomes		90.0
	- % of calls resulting in other undesired outcomes X 400	7.2%	<u>-29.0</u>
	[Subject to a minimum score of 0]		61.0
+ 10	if your call center is open 50 or more hours a week, otherwise 10 - 0.5 for each hour less than 50 hours per week		
	[Subject to a minimum score of 0]	52.5	10.0
<b>Total score</b>			<b>71.0</b>

**2. Rationale for the scoring method**

A perfect score requires that all calls either get through to a knowledgeable person or are satisfied by self-serve options.

Shorter business hours are treated as an undesired outcome because after-hour callers do not reach a knowledgeable person.

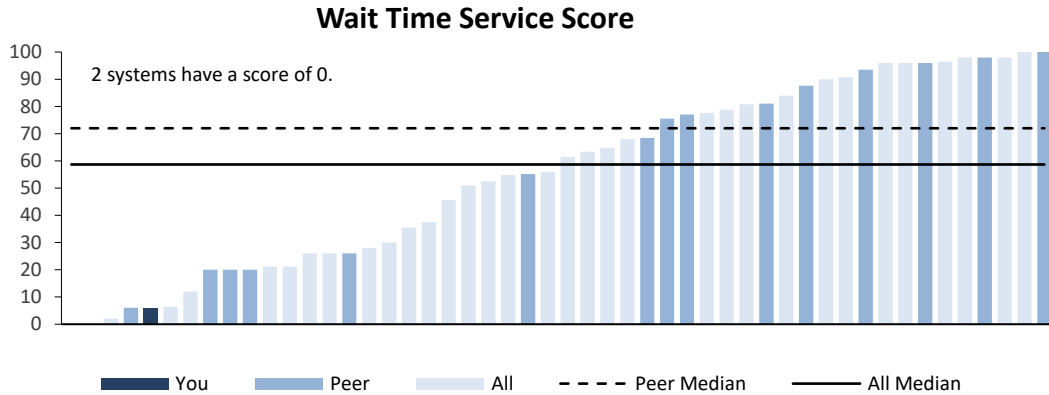
## Call outcomes

3. Survey questions used		You	Peer Avg
	<u>Desired call outcomes</u>		
Q33	a) Incoming calls that reach and are responded to by a knowledgeable service representative (i.e., exclude messages, etc.)?	109,482	
	c) Incoming calls satisfied by self-serve options, if any?	8,440	
	Total desired call outcomes (A)	117,922	
	<u>Undesired call outcomes during business hours</u>		
Q34	a) # Busy signal, never enters the system?	972*	
	b) # Caller gets pre-recorded 'call another time' message during business hours?	n/a	
	c) # Voice mail takes a message during business hours?	n/a	
	d) # Abandoned calls (i.e., caller hangs-up while in a menu)?	508*	
	e) # Abandoned calls (i.e., caller hangs-up while in a queue or on hold)?	7,724*	
	f) # System hangs up on caller (or sends the caller back to the main menu) after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	
	g) # System sends the caller back to the main menu after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	
	h) # Busy signal after navigating an automated attendant menu, or after being transferred by a receptionist?	n/a	
	i) # Call rings unanswered during business hours?	n/a	
	# Receptionists takes a message	n/a	
Q39	If you have a callback feature, # of callback requests that were not completed	n/a	
	Total undesired call outcomes during business hours (B)	9,204	
	Total incoming calls (C = A + B)	127,127	
	Undesired outcomes as a percentage of total incoming calls (B / C)	7.2%	11.0%
	<u>Undesired outcomes after business hours</u>		
Q48	How many hours per week is your 'call center' operational?	52.5h	46.0h

\* Your response was 'unknown'. A default was applied. See 'Appendix D' for details.

# Wait time

Your service score for call wait time was 6 out of 100. This was below the peer median of 72.



1. Scoring method		Your Data	Your Score
<u>Calls</u>			
+ 90	if members reach a knowledgeable person in 60 seconds or less, otherwise 120 - 0.5 per second to reach a knowledgeable person [Subject to a minimum score of 0]	394 seconds	0
+ 2 to 20	If a member is notified of expected wait times: + 2 if wait time is 60 seconds or less, + 20 if wait time is more than 240 seconds [and you scored 0 for call wait time above], otherwise 2 + 0.1 per second over 60 seconds	No	0
<u>Emails</u>			
+ 8	if wait time is 0.5 days or less, otherwise 8 - 4 for each day over 0.5 days [Subject to a minimum score of 0]	1.0 day	6.0
Total score			6.0

2. Rationale for the scoring method

Faster is best. The value of knowing the expected wait time increases with the length of the wait.

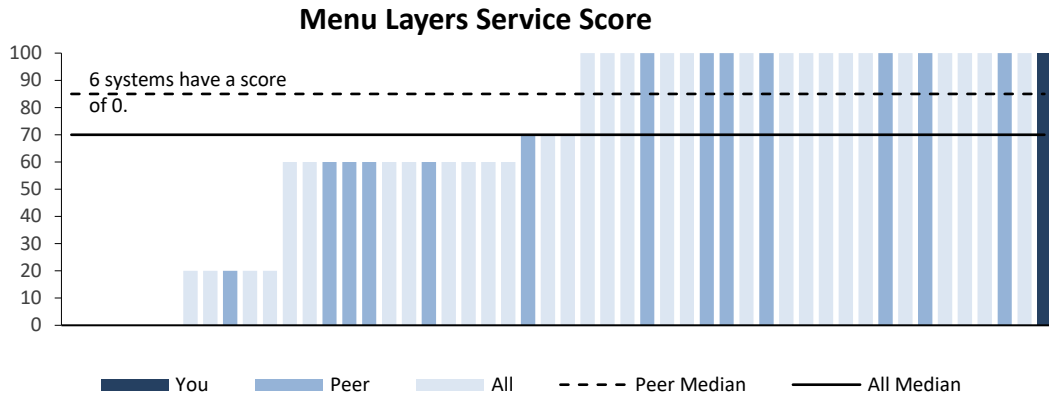
## Wait time

3. Survey questions used		You	Peer Avg
	Average total time in seconds for a caller to reach a knowledgeable person. This is the sum of the time to:	394	257
	<u>(1) Navigate menus</u>		
Q35	If you have a menu:	Yes	88% Yes
	b) What is the average time in seconds that it would take a caller to negotiate the menu and listen to menu options before the caller is forwarded to a live person (or queue for a live person)? (A)	108	53
	c1) If yes, what percentage of calls is the menu system by-passed? (B)	n/a	n/a
	Adjusted time to navigate the menu = (A) X [1 - (B)]	108	53
	<u>(2) Navigate receptionists</u>		
Q36	If a receptionist usually responds first to member calls:	No	6% Yes
	Do you have a queue for the receptionist(s)?	n/a	100% Yes
	a1) If yes, what is the average wait time in seconds in the queue for the receptionist(s)? (A)	n/a	20
	If no, average time to get through to the receptionist (i.e., time on hold etc.) is assumed to be 10 seconds	n/a	10
	b) Average time in seconds for a caller to explain his needs to a receptionist (assumed to be 25 seconds). (B)	n/a	25
	b1) Satisfied by the receptionist without forwarding? (C)	n/a	0.05
	Adjusted time to navigate receptionists = (A) + (B) X [1 - (C)]	n/a	44
	<u>(3) Wait in queue</u>		
Q37	If you have a queue for a pool of knowledgeable staff:	Yes	100% Yes
	a) Average wait time in seconds in queue for a service representative?	286	208
	b) % of calls forwarded by a receptionist, if applicable, to the queue.	n/a	0.9
	Adjusted wait in the queue = (A) X (B), if applicable	286	208
Q38	Does your system notify the caller of the expected wait time, or their place in the queue, for reaching a knowledgeable service representative if the expected wait exceeds a certain threshold?	No	44% Yes
Q49	Can members communicate questions using email?	Yes	94% Yes
	a) What is the average time (in business days) to respond to an email query? Do not include auto-responses or confirmation of email receipt.	1.0	1.3 days

The sum of the peer average time to navigate menus, receptionists and wait in queue will add to more than the whole because non-applicable responses are not included in the averages.

# Menu layers

Your service score for menu layers was 100 out of 100. This was above the peer median of 85.



1. Scoring method	Your Data	Your Score
+ 100 if one or fewer menu layers, 60 if 2 menu layers, 20 if 3 menu layers, 0 if 4 or more menu layers	1	100.0
- 30 if a receptionist is the first point of contact.	No	0.0
<b>Total score</b>		<b>100.0</b>

## Menu layers

### 2. Rationale for the scoring method

Members prefer to get through to a knowledgeable person who can answer their questions immediately. Irritation increases rapidly with the number of menu layers.

Receptionists are often more irritating than a menu layer because of the need to explain your needs twice, incorrect redirection, etc.

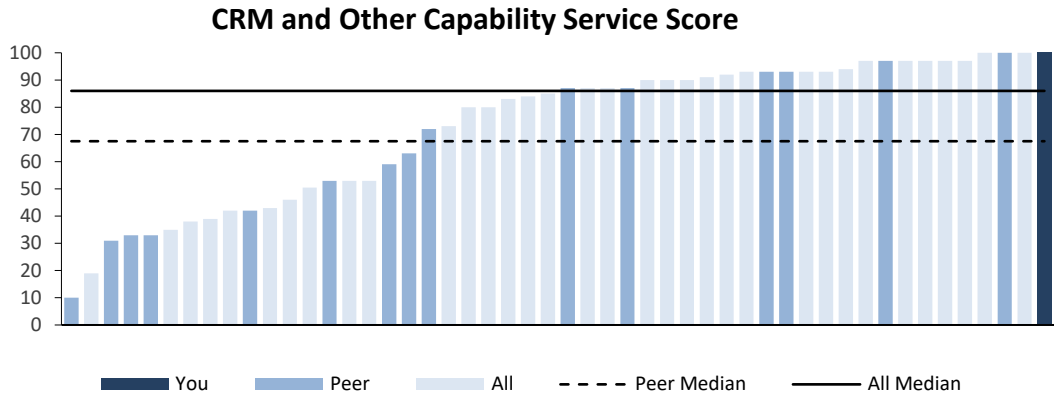
### 3. Survey questions used

		You	Peer Avg
Q35	Do you have a menu system that callers negotiate before speaking to someone? a) If yes, what is the average number of menu layers that must be navigated before a caller can speak to a live person?	Yes  1	88% Yes  2
Q36	When a member calls in, is the first point of human contact usually a receptionist(s) who transfers a high proportion of calls elsewhere in the organization? (indicate no if most calls go directly to a call center)	No	6% Yes



# CRM and other capability

Your service score for CRM and other capability was 100 out of 100. This was above the peer median of 68.



## CRM and other capability

1. Scoring method		Your Data	Your Score
<u>If you are able to provide the following information on an immediate real-time basis or conduct the following transactions over the phone:</u>			
+ 10	estimate of the member's pension at retirement	Yes	10.0
+ 13	estimate is linked to the member's actual account data	Yes	13.0
+ 7	model alternate annuity payment scenarios	Yes	7.0
+ 7	provide refund or transfer value if member exited employment at time of call	Yes	7.0
+ 4	provide pensionable salary	Yes	4.0
+ 4	provide service credit history including gaps	Yes	4.0
+ 7	estimate cost to purchase service credit	Yes	7.0
+ 7	change address	Yes	7.0
+ 7	change banking information	Yes	7.0
+ 7	add or change email address	Yes	7.0
<u>If you offer the following tools to help serve callers better:</u>			
+ 3	record of the member's previous calls to the system	Yes	3.0
+ 3	copies of recent correspondence online	Yes	3.0
+ 3	knowledge based online help system available for use by the service representative	Yes	3.0
+ 3	most recent member statement	Yes	3.0
+ 3	beneficiary information	Yes	3.0
+ 3	toll free number	Yes	3.0
+ 3	workflow system with the real-time status of open items	Yes	3.0
+ 3	member's use of digital tools	Yes	3.0
+ 3	call volume projections	Yes	3.0
Total score			100.0

### 2. Rationale for the scoring method

You can serve your members better if you have real time access to all of their records, have tools that enable you to provide immediate, informed and accurate answers to their questions, and can conduct transactions over the phone.

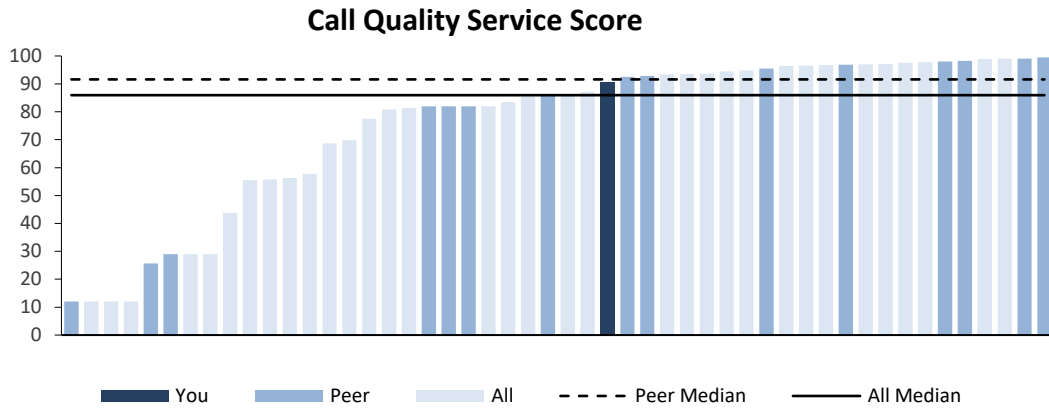
Your ability to serve members is greatly reduced if your capabilities or policies prevent you from answering questions over the phone.

## CRM and other capability

3. Survey questions used		You	Peer Avg
Q42	When a member calls in, do you have immediate computer access to the following member data:		
	a) Copies of recent correspondence online?	Yes	81% Yes
	b) Knowledge based on-line help system available for use by the service representative?	Yes	75% Yes
	c) Most recent member statement?	Yes	94% Yes
	d) Beneficiary information?	Yes	94% Yes
Q43	Do you provide the following information on an immediate real-time basis to members over the phone?		
	a) Estimates of the member's pension at retirement?	Yes	50% Yes
	a1) Can you easily model and provide alternate annuity payment scenarios? [i.e., joint and 50% survivor, joint and 70% survivor, etc.]	Yes	57% Yes
	a2) Is the estimate based on an interactive benefit calculator linked to the member's actual account data?	Yes	57% Yes
	b) Refund or transfer value assuming the member exited employment at the time of the call?	Yes	88% Yes
	c) Pensionable salary?	Yes	88% Yes
	d) Service credit history including gaps?	Yes	75% Yes
	e) Cost to purchase service credit?	Yes	63% Yes
Q44	Can members calling in perform the following transactions over the phone:		
	a) Change address?	Yes	63% Yes
	b) Add or change email address?	Yes	81% Yes
	c) Change payment instructions? [i.e., bank account]	Yes	31% Yes
Q46	Do you have and use tools to help you project call volumes?	Yes	88% Yes
Q47	Do you have a toll free number (or a number where members are only charged the cost of a local call no matter where they are located) that members can call to get a real person (not just an info line)?	Yes	100% Yes
Q121	Do you have a workflow system that provides service agents with real time information about each member's:		
	a) Status of open items?	Yes	88% Yes
	b) Interactions via calls and email?	Yes	69% Yes
	c) Use of digital tools (e.g., the pension calculator in the secure area of the website, etc.)?	Yes	43% Yes

# Call quality

Your service score for call quality monitoring was 91 out of 100. This was below the peer median of 92.



1. Scoring method		Your Data	Your Score
<u>Call quality monitoring</u>			
+ 55	if you review your staff's responses to member calls for coaching purposes 4 or more times per month; otherwise 13.75 X # of times per month you review calls	7	55.0
+ 15	if the review is based on listening in on a recording (versus a live call)	Recording	15.0
<u>First contact resolution</u>			
+ 30	if 100% of calls are satisfied by their first contact, 0 if 50% or fewer calls are satisfied by the first contact, otherwise 30 - 50 X (1 - % satisfied by the first contact) [Subject to a minimum score of 0, and 12 if not measured]	81.4%	20.7
Total score			90.7

## Call quality

### 2. Rationale for the scoring method

Regularly monitoring and coaching your staff responses to member calls will improve quality and service. Monitoring recordings is superior to listening in live because it allows more time for review and it allows staff to listen to themselves.

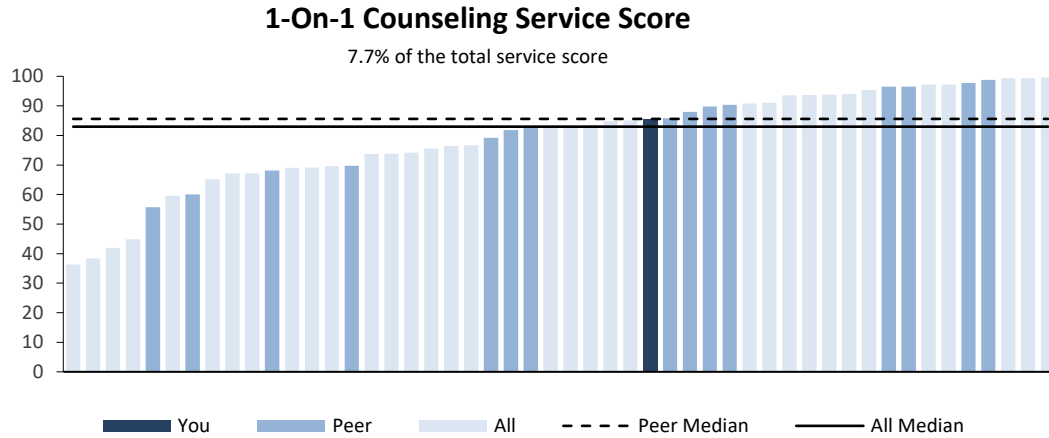
It is higher service if a caller's questions are immediately satisfied by the first contact without being transferred.

### 3. Survey questions used

		You	Peer Avg
Q40	c) % of calls satisfied by the first contact?	81.4%	90.6%
Q45	Do you review your staff's responses to member calls for coaching purposes on a regular basis? [As opposed to intermittent or only while training new service representatives, etc.]	Yes	81% Yes
	a) How many calls per agent per month (on average) do you monitor?	7	6
	b) Are you listening in on a live call or a recording?	Recording	39% Recording

## 2C 1-on-1 Counseling

Your service score for 1-on-1 counseling was 85 out of 100. This was below the peer median of 86.

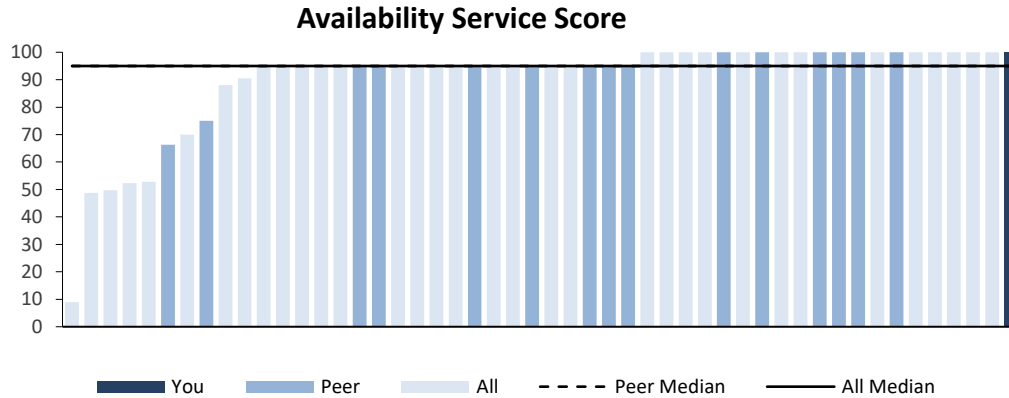


Your service score for 2c 1-on-1 counseling is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

<b>1-on-1 Counseling Service Score Components</b>		
	Weight	Your Score
Availability	50%	100.0
Field locations	20%	70.6
Wait times	20%	66.3
Capability	10%	80.0
<b>Weighted Total</b>	<b>100%</b>	<b>85.4</b>

# Availability

Your service score for availability was 100 out of 100. This was above the peer median of 95.



1. Scoring method	Your Data	Your Score
+ 70 if members counseled 1-on-1 as a % of your active members is 1.0% <sup>1</sup> or more, otherwise 7,000 <sup>1</sup> X number of members counseled 1-on-1 as a % of active members	24.3%	70.0
+ 25 if 1-on-1 counseling is freely available, without limitations	Yes	25.0
+ 5 if 1-on-1 counseling is available outside of normal working hours, otherwise 0	Yes	5.0
<b>Total score</b>		<b>100.0</b>

<sup>1</sup>Better website content and functionality reduces the number of members that attend 1-on-1 sessions. Using your percentage of pensions incepted online as a proxy for the strength of your website, we reduce the 1.0% attendee cutoff rate for a perfect availability score to a minimum of 0.15% (i.e. if none of your pension inceptions occur online, you need attendees equal to 1.00% of your active member population to achieve a perfect score of 70; we use a multiplication factor of 7,000 because  $70 / 1.00\% = 7,000$ ).

2. Rationale for the scoring method
Higher volumes relative to the number of pension inceptions occurring offline imply greater availability and value.
Members prefer freely available access to counseling with no time period limits, no limits on the number of sessions, etc.

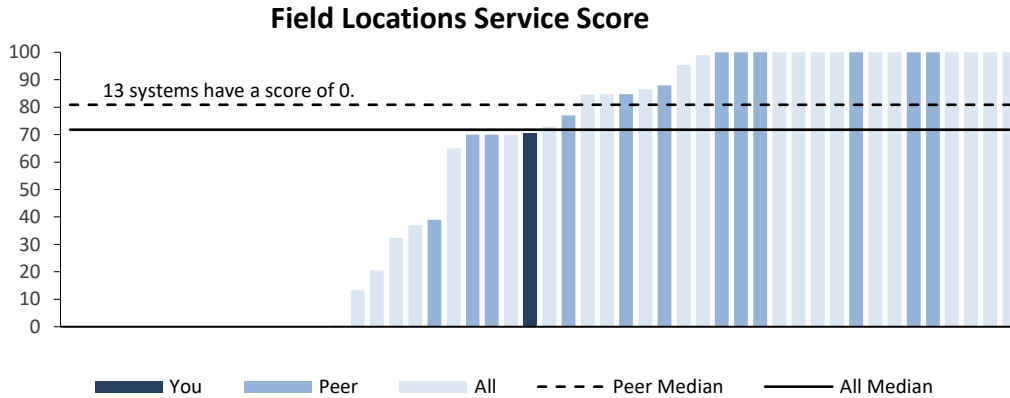
## Availability

3. Survey questions used		You	Peer Avg
Q53	Total number of members counseled 1-on-1 (A)	24,348	14,197
Q5	Active Members (B)	100,115	211,251
	Members counseled 1-on-1 as a percentage of active members (A / B)	24.3%	8.2%
Q54	Is 1-on-1 retirement counseling a freely available option for most members? [If the only 1-on-1 counseling you do is for VIPs, disability, exceptions and emergencies then your answer should be no.]	Yes	100% Yes
Q55	Do you limit 1-on-1 counseling by:		
	a) Requiring that members be within a certain time period of earliest possible retirement?	No	13% Yes
	b) Placing a limit on the number of counseling sessions a member can request?	No	13% Yes
	c) Indicating that members should contact their employers or unions first for counseling?	No	0% Yes
	d) Other (describe)?	No	0% Yes
Q58	Do you offer 1-on-1 counseling sessions after normal working hours, such as evenings and/or weekends?	Yes	50% Yes



## Field locations

Your service score for field locations was 71 out of 100. This was below the peer median of 81.



1. Scoring method		Your Data	Your Score
+ 70	if the number of 1-on-1 sessions located in the field or via video conference as % of total sessions is 25% or more, otherwise 280 X % of total sessions located in the	27.8%	70.0
+ 30	if 75% or more of your 1-on-1 field sessions are held at locations separate from the employer, otherwise 40 X % of field sessions separate from the employer	2%	0.6
Total score			70.6

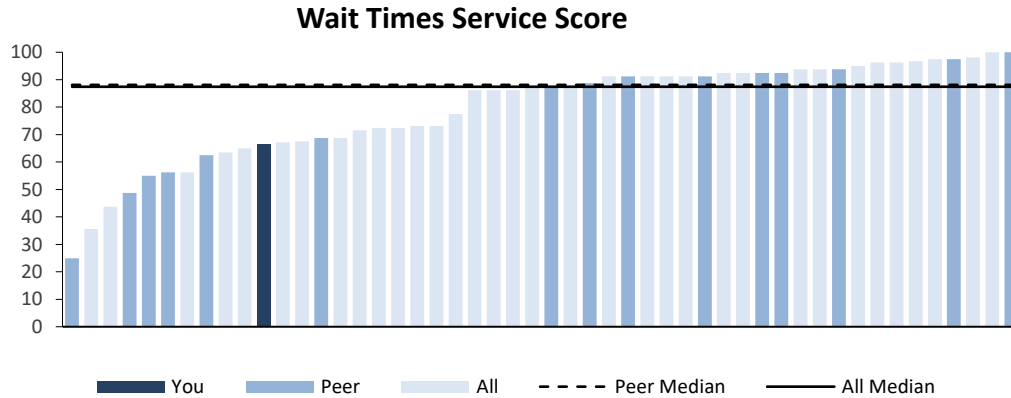
2. Rationale for the scoring method
<p>A combination of in-house and in-the-field locations provides the best access for members to meet with you.</p> <p>Field locations separate from the employer are preferred because they help preserve confidentiality and privacy.</p>

## Field locations

3. Survey questions used		You	Peer Avg
Q53	Provide the number of members counseled 1-on-1 that were:		
	b) In the field at locations separate from the member's place of employment? (A)	107	5,600
	c) At the member's place of employment?	6,492	1,544
	e) Via videoconference?	<u>172</u>	<u>346</u>
	Total number of members counseled 1-on-1 in the field (B)	6,771	7,467
	% of 1-on-1 field sessions separate from employer (A / B)	2%	43%
	Total number of members counseled 1-on-1 (C)	24,348	14,197
	% of members counseled at 1-on-1 sessions held in the field (B / C)	27.8%	39.8%

## Wait times

Your service score for wait times was 66 out of 100. This was below the peer median of 88.



1. Scoring method	Your Data	Your Score
+ 25 if you offer pre-scheduled counseling	Yes	25.0
+ 25 If there is no wait time for pre-scheduled in-house counseling sessions, otherwise 25 - 1.25 X average number of days of wait time [Subject to a minimum score of 0]	7.0 days	16.3
+ 25 If there is no wait time for walk-in counseling, otherwise 25 - 1.25 X average number of minutes of wait time [Subject to a minimum score of 0]	36 min.	0.0
+ 25 if 0% of walk-ins requesting a counseling session were turned away because the wait was too long, otherwise 25 - 125 X % of walk-ins turned away [Subject to a minimum score of 0]	0.0%	25.0
<b>Total score</b>		<b>66.3</b>

### 2. Rationale for the scoring method

The shorter the wait times, the better.

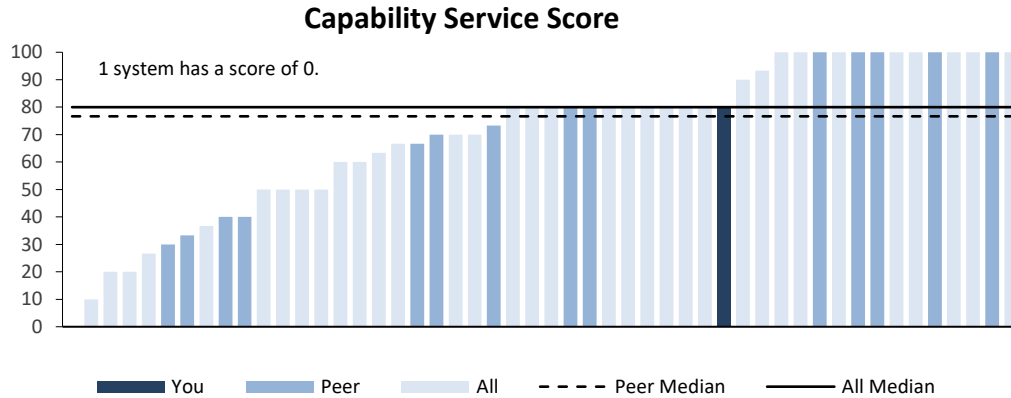
Some people like to be able to schedule an appointment. Also, a pre-scheduled session gives you the opportunity to prepare in advance.

## Wait times

3. Survey questions used		You	Peer Avg
Q56	Do you provide counseling for walk-in traffic?	Yes	88% Yes
	a) On average, how long does a walk-in member that requests a counseling session typically have to wait till they can meet with a counselor? (minutes)	36	9 min
	b) Approximately what percentage of walk-in members requesting a counseling session are turned away, or scheduled for another time, or leave with their needs unsatisfied because they decide the wait was too long?	0.0%	0.6%
Q57	Do you offer prescheduled 1-on-1 counseling?	Yes	94% Yes
	a) If yes, how long does a member that requests a pre-scheduled counseling session typically have to wait, in business days, before he can meet with a counselor for an in-house 1-on-1 counseling session?	7.0	5.7 days

# Capability

Your service score for capability was 80 out of 100. This was above the peer median of 77.



1. Scoring method		Your Data	Your Score
<u>Sessions</u>			
+ 50	if you can provide a new written estimate during each of walk-in, pre-scheduled in-house and in-the-field sessions, otherwise 16.7 for walk-in, 16.7 for pre-scheduled in-house and 16.7 for in-the-field	3 Yes	50.0
+ 10	if you can provide accurate service credit purchase cost estimates during each of walk-in, pre-scheduled in-house and in-the-field sessions, otherwise 3.3 for walk-in, 3.3 for pre-scheduled in-house and 3.3 for in-the-field	3 Yes	10.0
+ 20	if counseling takes place in a private office with a door during each of walk-in, pre-scheduled in-house and in-the-field sessions, otherwise 6.7 for walk-in, 6.7 for pre-scheduled in-house and 6.7 for in-the-field	3 Yes	20.0
<u>Coaching</u>			
+ 20	if you regularly review counselors for coaching purposes	No	0.0
<b>Total score</b>			<b>80.0</b>

## Capability

### 2. Rationale for the scoring method

Members needs are best met when you can have a complete discussion about their retirement options. This includes being able to provide alternative scenarios to answer 'what-if' questions as they arise during 1-on-1 counseling sessions.

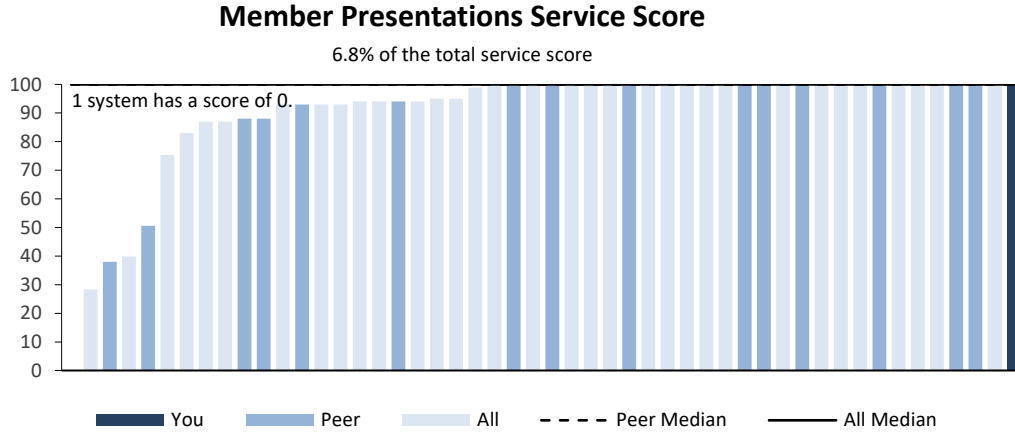
Members feel more comfortable if they can discuss their retirement income in an office with a door. If you review sessions for coaching purposes, this suggests that you monitor quality.

### 3. Survey questions used

		You	Peer Avg
Q59	a) Do almost all sessions take place in a private office with a door (versus a cubicle, etc.)?		
	a1) Walk-in traffic in-house?	Yes	79% Yes
	a2) Pre-scheduled in-house?	Yes	86% Yes
	a3) In-the-field?	Yes	83% Yes
	c) Do you provide new written estimates on a real-time basis for anybody that wants one?		
	c1) Walk-in traffic in-house?	Yes	86% Yes
	c2) Pre-scheduled in-house?	Yes	79% Yes
	c3) In-the-field?	Yes	92% Yes
	d) Do you provide an accurate cost to purchase service credit on a real-time basis for anybody that wants one?		
	d1) Walk-in Traffic In-house?	Yes	79% Yes
	d2) pre-scheduled In-house?	Yes	64% Yes
	d3) In-the-field?	Yes	75% Yes
Q60	Do you review 1-on-1 counseling sessions for coaching purposes on a regular basis? [As opposed to intermittent or only while training new counselors, etc.]	No	56% Yes

## 2D Member Presentations

Your service score for member presentations was 100 out of 100. This was equal to the peer median.



1. Scoring method		Your Data	Your Score
<u>Availability</u>			
+ 70	if attendees as a percent of active members is 2.5% <sup>1</sup> or more, otherwise 2,800 <sup>1</sup> X attendees as percent of active members	4.8%	70.0
+ 5	if you offer presentations outside of normal working hours	Yes	5.0
<u>Types</u>			
+ 18	if you have 3 or more different targeted types of presentations (excluding healthcare and benefit changes), otherwise 6 X the number of types of presentations	4	18.0
<u>Coaching</u>			
+ 7	if you regularly review presenters for coaching purposes	Yes	7.0
<b>Total score</b>			<b>100.0</b>

<sup>1</sup>Better website content and functionality reduces the number of members that attend presentations. Using your percentage of pensions inceptioned online as a proxy for the strength of your website, we reduce the 2.5% attendee cutoff rate for a perfect availability score to a minimum of 0.4% (i.e. if none of your pension inceptions occur online, you need attendees equal to 2.50% of your active member population to achieve a perfect score of 70; we use a multiplication factor of 2,800 because  $70 / 2.50\% = 2,800$ ).

## 2D Member Presentations

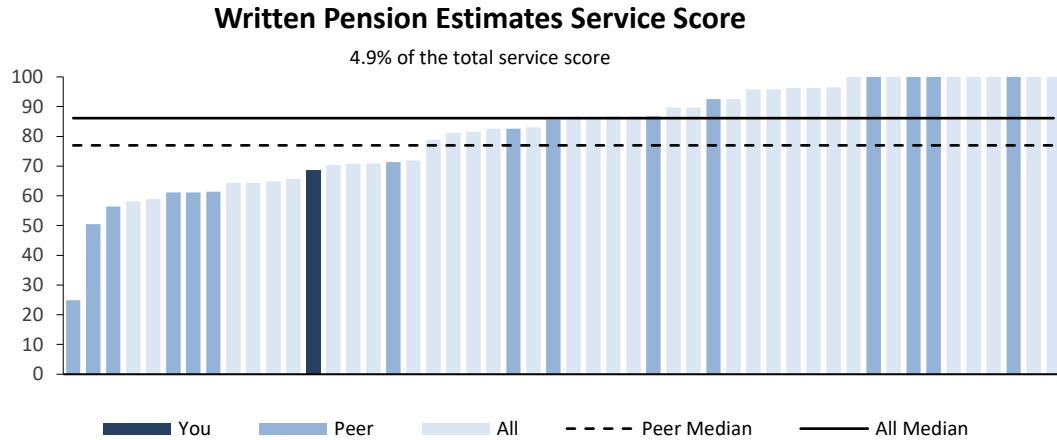
2. Rationale for the scoring method	
Higher volumes relative to the number of pension inceptions occurring offline imply greater availability and value.	
More choices of times provide easier access and convenience.	
Presentations for different target audiences are higher service.	

3. Survey questions used		You	Peer Avg
	<u>Availability</u>		
Q64	What was the total number of attendees at all of the presentations? [Exclude benefit fair attendees] (A)	4,815	11,119
Q5	Active Members (B)	100,115	211,251
	Attendees as a percent of active members (A / B)	4.8%	6.1%
Q66	Do you offer presentations and/or webinars after normal working hours such as evenings and/or weekends?	Yes	94% Yes
	<u>Types</u>		
Q65	Did you do specific presentations for members, in the past fiscal year, targeted solely for:		
	a) New members?	Yes	88% Yes
	b) Members in mid career?	Yes	81% Yes
	c) Members approaching retirement or ready to retire?	Yes	100% Yes
	f) Other? (Please describe)	<u>Yes</u>	<u>38% Yes</u>
	Total presentation types	4	3
	<u>Coaching</u>		
Q67	Do you review presenters for coaching purposes on a regular and recurring basis? [As opposed to intermittent or only while training new presenters, etc.]	Yes	81% Yes



## 2E Written Pension Estimates

Your service score for written pension estimates was 69 out of 100. This was below the peer median of 77.

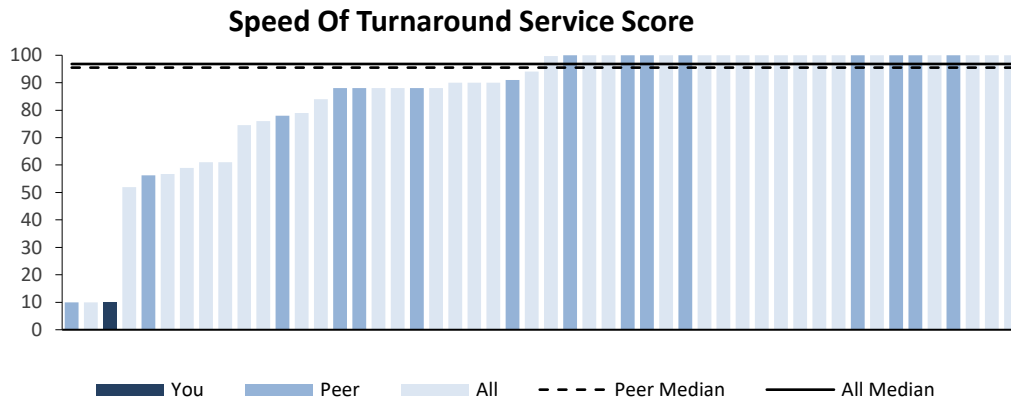


Your service score for 2e written pension estimates is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Written Pension Estimates Service Score Components		
	Weight	Your Score
Speed of turnaround	35%	10.0
Content	25%	100.0
Alternative channels	40%	100.0
<b>Weighted Total</b>	<b>100%</b>	<b>68.5</b>

## Speed of turnaround

Your service score for speed of turnaround was 10 out of 100. This was below the peer median of 96.



1. Scoring method	Your Data	Your Score
+ 90 if the weighted average turnaround time for providing written pension estimates and online pension estimates* is less than 1 day, otherwise 90 - 3 for each day beyond 1 required to send estimates	60 days	0.0
+ 10 if you regularly measure the time to provide an estimate	Regular	10.0
<b>Total score [Subject to a minimum score of 0]</b>		<b>10.0</b>

\* online pension estimates are only included in the average if they can be used to retire

2. Rationale for the scoring method
<p>A perfect score requires that you can turn around an estimate the same day as the request. From a member's perspective, receiving a requested estimate quickly is higher service.</p> <p>We assume that it is higher service if you regularly measure turnaround times because we believe that what gets measured, gets managed.</p>

## Speed of turnaround

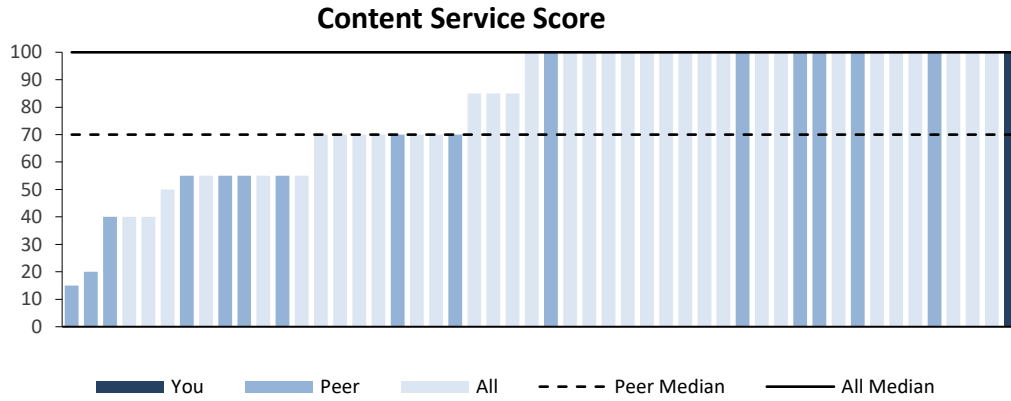
3. Survey questions used		You	Peer Avg
Q69	How many written pension estimates did you mail out pursuant to individual member requests? [Exclude estimates prepared during counseling sessions and not mailed in advance.]	6,421	33,332
Q71	On average, how many business days does it take to provide a written pension estimate from the time of initial request from a member? [Exclude time in the mail.] (B)	60 days	9 days
	a) Is this a number you regularly measure and track (versus an estimate)?	Regular	94% Yes
Q77	Indicate whether the following capabilities are available on your website and provide volumes:		
	c) Benefit calculator in secure area linked to member's salary and service data?	Yes	75% Yes
	If yes, volume? (C)	123,404	302,881
	r) Submit a retirement application online?	n/a	47% Yes
	Weighted average estimate turnaround time <sup>1</sup> $(A \times B) / (A + C)$	60 days <sup>2</sup>	8.6 days

1. The weighted average estimate turnaround time assumes that: (i) online estimates are processed instantaneously; (ii) the volume of online estimates (C) is counted as zero if members cannot apply for retirement online.

2. Were members able to apply for retirement online, your weighted average estimate turnaround time would have been reduced to 3.0 days, because the volume of online estimates would have then been included in the calculation.

# Content

Your service score for content was 100 out of 100. This was above the peer median of 70.



1. Scoring method	Your Data	Your Score
+ 30 if you clearly address if and how the pension benefit is inflation protected	Yes	30.0
+ 15 if you discuss the effects of social security	Yes	15.0
+ 15 if you discuss alternative scenarios that could improve the pension	Yes	15.0
+ 40 if you model alternative pension payment options	Yes	40.0
<b>Total score</b>		<b>100.0</b>

## Content

### 2. Rationale for the scoring method

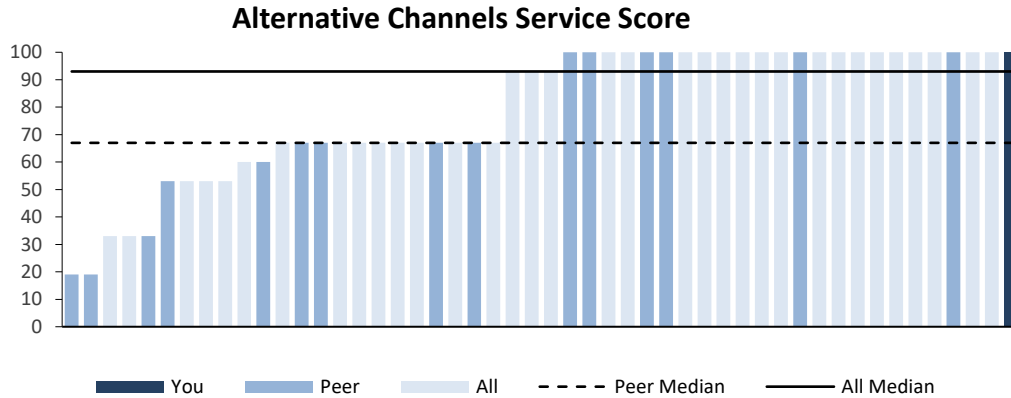
The more members understand about how their pension is affected by inflation, social security, etc. the better they can plan for retirement. A perfect score requires that you provide all this information in a written pension estimate.

### 3. Survey questions used

		You	Peer Avg
Q74	Do your written pension estimates (including cover letters, etc. sent with the estimate):		
	a) Clearly address if and how the pension is inflation protected (or not protected)?	Yes	44% Yes
	b) If your pension is coordinated with or reduced by social security (or CPP in Canada) is the impact explained?	Yes	55% Yes
	c) Discuss alternative scenarios that could improve the pension such as purchasing service credit or working longer?	Yes	88% Yes
	d) Model alternative retirement payment options?	Yes	88% Yes

## Alternative channels

Your service score for alternative channels was 100 out of 100. This was above the peer median of 67.



1. Scoring method	Your Data	Your Score
+ 100 if you offer pension estimates by member statement, the website and call center, otherwise 67 if you offer 2 options, 33 if you offer 1, 0 if you offer none	3 options	100.0
- 7 if you limit the timeframe when members can request pension estimates	No	0.0
- 7 if you place a limit on the number of written pension estimates a member can request	No	0.0
<b>Total score</b>		<b>100.0</b>

### 2. Rationale for the scoring method

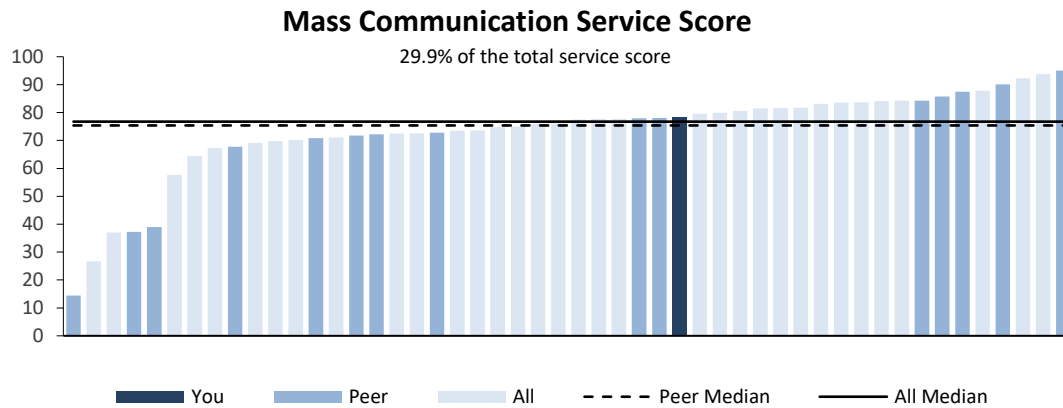
More choices in obtaining a pension estimate provides greater access and convenience for your members.

## Alternative channels

3. Survey questions used		You	Peer Avg
Q43	Do you provide the following information on an immediate real-time basis to members over the phone? [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.] a) Estimates of the member's pension at retirement?	Yes	50% Yes
Q72	Can members request and obtain a written pension estimate at any time during their career? [As opposed to, for example, requiring that the member be within a certain time period of earliest potential retirement before they can request a pension estimate.]	Yes	75% Yes
Q73	Do you place a limit on the number of written pension estimates that a member can request?	No	19% Yes
Q77	Indicate whether the following capabilities are available on your website and provide volumes: a) Benefit calculator in non-secure area? b) Benefit calculator in secure area not linked to member data? c) Benefit calculator in secure area linked to member's salary and service data?	Yes No Yes	50% Yes 0% Yes 75% Yes
Q89	Do your statements for active members include: e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	Yes	81% Yes

## 2F Mass Communication

Your service score for mass communication was 78 out of 100. This was above the peer median of 75.



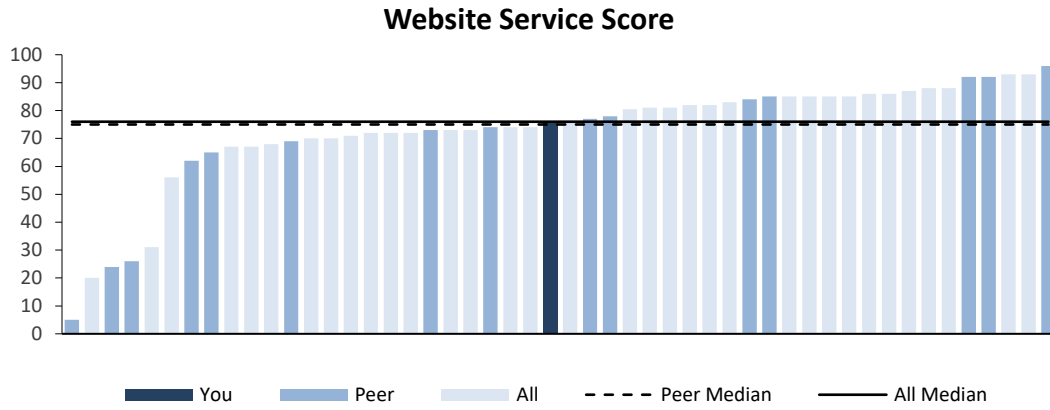
Your service score for 2f mass communication is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Mass Communication Service Score Components		
	Weight	Your Score
Website	74%	76.0
News and Targeted Communication	10%	76.5
Member statements	16%	88.8
<b>Weighted Total</b>	<b>100%</b>	<b>78.1</b>



# Website

Your service score for the website was 76 out of 100. This was above the peer median of 75.



## Website

1. Scoring method	Your Data	Your Score
<u>Calculators</u>		
+ 10 if you have an interactive calculator on your website	Yes	10.0
+ 20 if the calculator is linked to member data	Yes	20.0
+ 2 If the financial planning tool linked to member-specific data?	n/a	0.0
+ 2 if you can calculate the cost of purchasing service credit	No	0.0
<u>Salary and service credit</u>		
+ 3 if you offer secure access to both salary and service credit data	Yes	3.0
+ 3 if salary and service credit data is up-to-date to the most recent pay period	Yes	3.0
+ 2 if a complete annual history since employment began of salary and service credit data is available	No	0.0
<u>Secure access design</u>		
+ 4 if members can get online immediately upon registering	Yes	4.0
+ 2 if you greet members by name upon log-in	Yes	2.0
- 4 if you force members to acknowledge a disclaimer every time they log-in or use the calculator	Yes	-4.0
+ 1 if inactive members have access to the secure member area	Yes	1.0
+ 2 if you offer a digital file which includes a history of recent correspondence and member documents	Yes	2.0
<u>Forms</u>		
+ 8 if all forms are available for download (or the transaction or forms can be completed online), 6 if most, 2 if some	All	8.0
<u>Other tools and transactions</u>		
+ 1 register for counseling sessions in real-time	Yes	1.0
+ 1 register for presentations	Yes	1.0
+ 2 if you offer live chat	n/a	0.0
+ 3 change address	Yes	3.0
+ 2 change beneficiary	Yes	2.0
+ 3 add or change email address	Yes	3.0
+ 1 reset password	Yes	1.0
+ 2 change annuity deposit banking information	Yes	2.0
+ 2 change tax withholding amount	Yes	2.0
+ 3 download or print tax receipts	Yes	3.0
+ 3 view pension payment gross amounts and deductions (payment stubs)	Yes	3.0
+ 3 submit a retirement application online	n/a	0.0
+ 2 if less than 50% of pensions initiated online require follow-up documents or signatures to be mailed in	n/a	0.0
+ 1 check status of retirement application	n/a	0.0
+ 3 apply for a transfer-out or refund	No	0.0
+ 2 download member statement	Yes	2.0
+ 3 upload documents in lieu of mailing hardcopies	No	0.0
+ 3 view pensionable earnings and/or service without downloading	Yes	3.0
+ 1 access videos online	Yes	1.0
<b>Total score</b>		<b>76.0</b>

## Website

### 2. Rationale for the scoring method

Members visit your website looking for information. The more you can provide, the more tailored and customized to the member, and the easier it is to get online, the better.

### 3. Survey questions used

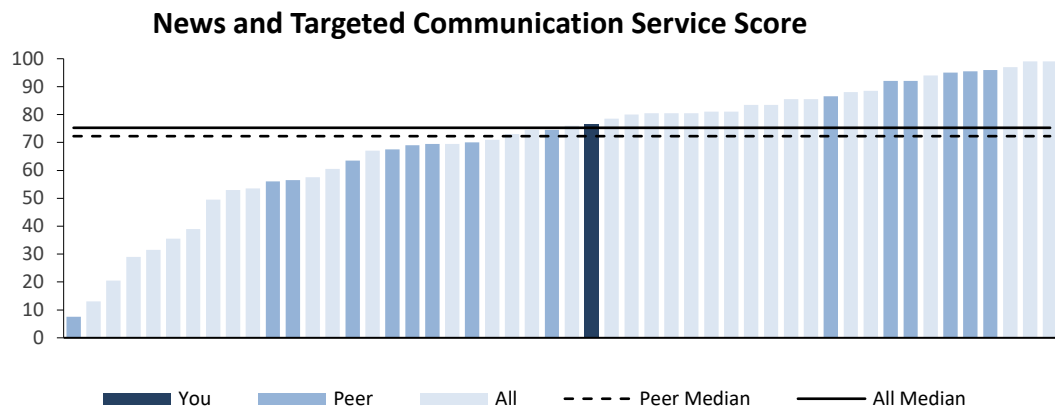
		You	Peer Avg
	<u>Calculators</u>		
Q77	Indicate whether the following capabilities are available on your website and provide volumes:		
	a) Benefit calculator in non-secure area?	Yes	50% Yes
	b) Benefit calculator in secure area not linked to member data?	No	0% Yes
	c) Benefit calculator in secure area linked to member's salary and service data?	Yes	75% Yes
	d) Service credit purchase calculator?	No	75% Yes
	e) Financial planning tool?	No	8% Yes
	A financial planning tool considers a member's retirement goals, and helps calculate the required total income and expenses at retirement. It provides a complete picture of member's financial health by incorporating a range of inputs into the planner, including: current expenses, projected salary, expected retirement age, expected retirement lifestyle, taxes, credit, insurance, relationship status, beneficiaries and children, mortgage, assets outside of a pension, etc., and projects scenarios under which a member can retire. The planner will also include tips on how a member can achieve their retirement goals.		
	e1) Is the financial planning tool linked to member-specific data?	n/a	0% Yes
	e2) Is the financial planning tool linked to data from third parties (e.g., tax agencies, other pension agencies, etc.)?	n/a	0% Yes
	<u>Salary and service credit</u>		
	x) View pensionable earnings and/or service without downloading?	Yes	63% Yes
	x1) Are both salary and service data available?	Yes	100% Yes
	x2) Is online data up-to-date to the most recent pay period?	Yes	80% Yes
	x3) Is a complete annual history from the beginning of employment provided?	No	60% Yes

## Website

3. Survey questions used		You	Peer Avg
	<u>Secure access design</u>		
Q76	Does your website have a secure member area where members can access their own data?	Yes	81% Yes
	c) If a member wants to register for the first time, does he/she have to wait for a password in the mail?	No	15% Yes
	d) Do you welcome the member by name on the home page of the secure member area?	Yes	100% Yes
	e) Are users required to acknowledge a disclaimer every time they log in?	Yes	15% Yes
	f) Are users required to acknowledge a disclaimer every time they generate a pension estimate?	Yes	38% Yes
	g) Do inactive members have access to the secure member area?	Yes	100% Yes
Q77	u) Secure mailbox or digital file including history of recent correspondence and member documents?	Yes	50% Yes
	<u>Forms</u>		
Q75	Are all, most or some of your forms available online for either completion or downloading?	All	50% All
	<u>Other tools and transactions</u>		
Q77	Indicate whether the following capabilities are available on your website and provide volumes:		
	f) Register for 1-on-1 counseling sessions?	Yes	63% Yes
	f1) If yes, does the member have real-time access to available dates and times?	Yes	90% Yes
	g) Register for presentations?	Yes	94% Yes
	h) Live chat?	n/a	7% Yes
	j) Change address?	Yes	81% Yes
	k) Change beneficiary?	Yes	63% Yes
	l) Change email address?	Yes	81% Yes
	m) Reset password?	Yes	87% Yes
	n) Change banking information for direct deposit?	Yes	56% Yes
	o) Change tax withholding amount?	Yes	69% Yes
	p) View or download duplicate tax receipts? [i.e., 1099s in the U.S.]	Yes	81% Yes
	q) View pension payment details? [i.e., gross amounts, deductions]	Yes	88% Yes
	r) Submit a retirement application online?	n/a	47% Yes
	If yes:		
	r1) Does the online application provide an estimate, final value or neither of the annuity payment the member will receive?	n/a	0% Final
	r2) Approximately what % of retirements submitted online require follow-up documents or signatures to be mailed in?	n/a	40.2%
	s) View status of online retirement application?	n/a	43% Yes
	t) Apply for a refund or transfer-out?	No	38% Yes
	v) View or download member statement?	Yes	88% Yes
	w) Upload documents (such as birth certificates)?	No	56% Yes
Q78	Do you have videos that members can access online?	Yes	94% Yes

## News and Targeted Communication

Your service score for newsletters was 77 out of 100. This was above the peer median of 72.



## News and Targeted Communication

1. Scoring method		Your Data	Your Score
<u>Newsletters</u>			
+ 20	if active members receive a newsletter 2 or more times per year, 14 if 1 time, otherwise 0	4 times	20.0
+ 20	if annuitants receive a newsletter 2 or more times per year. 14 if 1 time, otherwise 0	4 times	20.0
+ 2	if inactive members receive a newsletter at least annually	0 times	0.0
+ 25	if you have different newsletters for 3 or more of the following segments: all members or actives and annuitants, actives or actives and inactive, inactive, annuitants, age based, gender based, employer/employment category, other. 14 if 2 segments, otherwise 0	2	14.0
<u>Other communication</u>			
+ 12	if you issue a 'welcome' kit to new members	Yes	12.0
if you send out personalized letters to members:			
+ 2	that are new (this letter could be part of a welcome kit)	No	0.0
+ 7.5	approaching eligibility, or becoming eligible, for retirement	No	0.0
+ 2	about to become vested in pension benefits	Yes	2.0
+ 2	eligible, or likely eligible, to purchase service credit	Yes	2.0
+ 2	with no beneficiary on file	Yes	2.0
+ 1	about to become vested for disability benefits	Yes	n/a
+ 1	with no email address on file	Yes	1.0
+ 1	who have never visited the secure member area	Yes	1.0
+ 2.5	if you solicit member feedback on your publications through focus groups, or surveys	Yes	2.5
Total score			76.5

## News and Targeted Communication

### 2. Rationale for the scoring method

Targeted milestone events, such as joining the system, are good opportunities to communicate the value of the benefit.

Communicating more frequently by newsletter, and delivering personalized, and customized messages for different target audiences is higher service. Actively soliciting feedback on your communication materials should lead to better materials.

### 3. Survey questions used

		You	Peer Avg
Q80	Indicate whether you sent newsletters or news magazines (in either electronic or paper format) last year to any of the following member segments, and if yes, the number of times it was sent:	#	#
	a) All members (active, inactive and annuitants)? or c) Active members and annuitants?	No n/a	31% Yes 3
	b) Active and inactive members? or d) Active members only?	Yes 4	56% Yes 6
	c) Active members and annuitants?	No n/a	0% Yes n/a
	d) Active members only?	Yes 4	56% Yes 3
	e) Inactive members only?	No n/a	6% Yes 1
	f) Annuitants only?	Yes 4	81% Yes 4
	g) Age segments (i.e., under 35, 35-50, 50 plus)?	No n/a	19% Yes 6
	h) Women only or men only?	No n/a	0% Yes n/a
	i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	No n/a	19% Yes 10
	j) Other? (describe your other newsletter segments below)	<u>No</u> n/a	<u>19% Yes</u> 7
	n/a		
	Total Segments	2	2.6
Q81	Are new members issued a 'welcome' kit describing their benefits?	Yes	69% Yes
	If yes:		
	a) If yes, does it include a personalized letter addressing the new member by name?	No	73% Yes

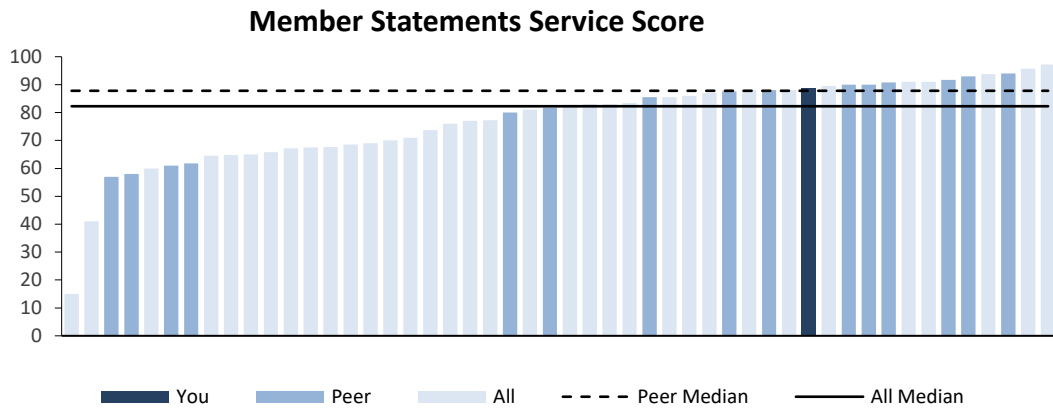
## News and Targeted Communication

3. Survey questions used		You	Peer Avg
Q83	Do you automatically send targeted letters or emails addressed to members by name triggered by the following milestones:		
	a) Vested for pension benefits (if member is not vested immediately)?	Yes	60% Yes
	b) Vested for disability benefits (if member is not vested immediately)?	Yes	20% Yes
	d) Approaching eligibility, or becoming eligible, for retirement?	No	50% Yes
	e) Eligibility or likely eligibility, to purchase service credit?	Yes	31% Yes
	f) Missing beneficiary?	Yes	25% Yes
	g) Missing email address?	Yes	13% Yes
	h) Never visited the secure member area?	Yes	20% Yes
	i) Other milestone communication? (describe below)	Yes	44% Yes
Q84	Do you actively solicit member feedback on your publications through:		
	a) Focus groups?	No	31% Yes
	b) Tear out surveys or feedback cards in the publications themselves?	No	0% Yes
	c) Surveys sent to members who request a publication?	No	13% Yes
	d) Other (describe)?	Yes	50% Yes



## Member statements

Your service score for member statements was 89 out of 100. This was above the peer median of 88.



1. Scoring method	Your Data	Your Score
<u>Accuracy and timeliness</u>		
+ 10 if no complaints about data errors, otherwise 10 x (1 - 25 X percent of members that complain about data errors) [Subject to a minimum score of 0]	0.5%	8.8
+ 15 if data is current to 1 month, otherwise 15 - 2 for each month in excess of 1 month out of date [Subject to a minimum score of 0]	1.0 month	15.0
+ 5 if paper member statements mailed directly to the member's home	Yes	5.0
+ 5 if email or other electronic notice to members that the statement is available in the secure member area	No	0.0
+ 5 if sent to inactive members annually or more frequently, otherwise 5 X times per year on average	1 time	5.0
<u>Content</u>		
+ 10 if summarizes service credit	Yes	10.0
+ 10 if provides pensionable earnings	Yes	10.0
+ 5 if provides a historical summary of salary and service credit earned each year	No	0.0
+ 10 if shows refund value if you left at the statement date	Yes	10.0
+ 25 if shows estimate of future pension entitlement	Yes	25.0
<b>Total score</b>		<b>88.8</b>

## Member statements

### 2. Rationale for the scoring method

Up-to-date, accurate member statements provide one of your best opportunities to communicate the value of the benefit to members.

Showing an estimate of the future pension entitlement is more important than showing the refund value because the pension entitlement is potentially much more valuable.

Sending member statements directly to active members' homes, via email or other electronic notice, rather than through employers is higher service because the statements are less likely to get lost, and it is more confidential.

### 3. Survey questions used

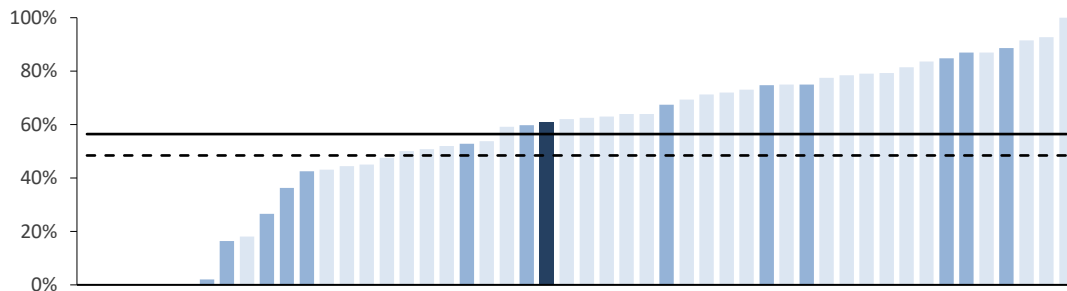
		You	Peer Avg
Q85	How many times per year (annually = 1, every 2nd year = 0.5, every 3 years = 0.33, every 5 years = 0.2) do you send member statements to:		
	a) Active members?	1 time	1.5 times
	b) Inactive members?	1 time	1.2 times
Q86	Approximately what % of members complain about the accuracy of data in their member statements?	0.5%	1.0%
Q87	Indicate the approximate percentage breakdown of how you send member statements to active members:		
	a) Directed through the employer?	0.0%	0.0%
	b) Mailed directly to members' homes?	100.0%	57.9%
	c) Email or text message to members that the statement is available in the secure member area?	0.0%	41.9%
Q88	On average, how current is an active member's data in the statements that the member receives (in months)?	1.0	2 months
Q89	Do your statements for active members include:		
	a) Total accumulated service credit?	Yes	100% Yes
	b) Pensionable earnings?	Yes	81% Yes
	c) A historical summary of salary and service credit earned each year?	No	31% Yes
	d) The refund value if you left at the statement date?	Yes	94% Yes
	e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	Yes	81% Yes

## Digital delivery

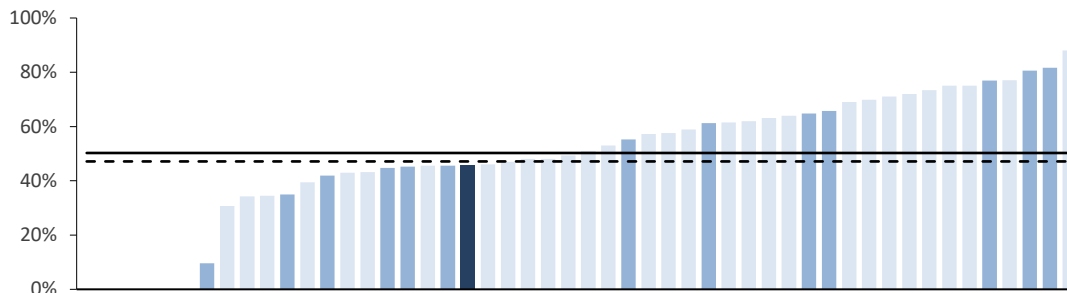
Systems are increasingly looking at cost effective and timely solutions for communicating with members. In particular, more systems are using email and other digital delivery options to deliver newsletters, member statements and other forms of traditional, paper mass communications. CEM's service model captures this change.

The below graphs are indicators of how successful systems have been in gathering member email addresses:

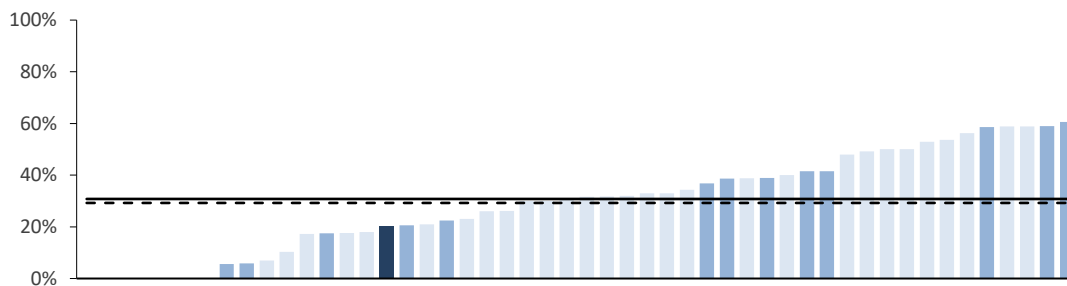
### % Email addresses for active members



### % Email addresses for annuitants



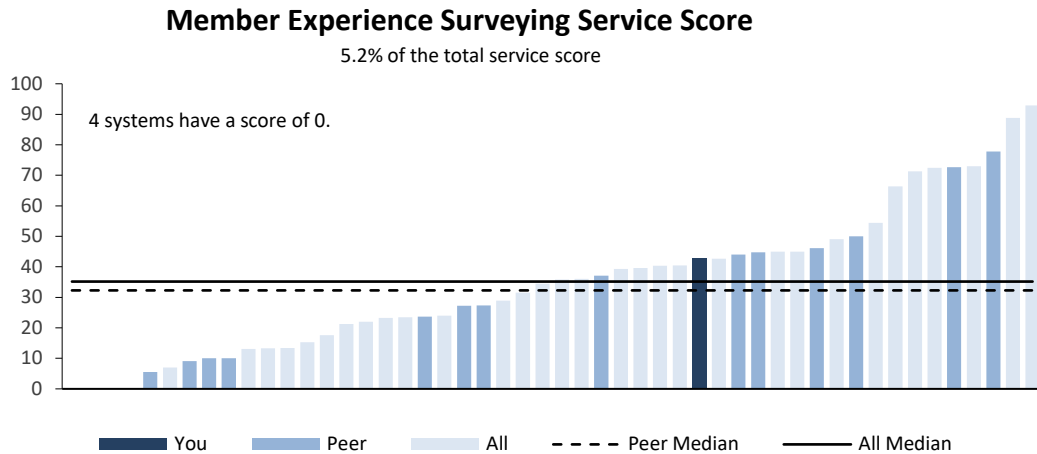
### % Email addresses for inactive members



You
  Peer
  All Avg
  All
  Peer Avg

## Member Experience Surveying

Your service score for member experience surveying was 43 out of 100. This was above the peer median of 32.



Your service score for member experience surveying is the weighted total of the components shown in the table below. The methodology and data used to determine your scores for each of these components is described in detail on the following pages.

Member Experience Surveying Service Score Components			
	Weight <sup>1</sup>	Do you survey?	Your Score*
a. Satisfaction or member experience surveys for:			
Active members	5%	No	0.0
Annuitants	5%	No	0.0
b. Single-channel touchpoints			
1-on-1 counseling	7%	Yes	95.0
Member presentations	7%	Yes	95.0
Member telephone calls	17%	Yes	80.0
Website - secure member area	17%	n/a	0.0
Website - public area	8%	n/a	0.0
c. Member Journeys			
Disability	n/a	n/a	n/a
Planning for retirement	22%	Yes	65.0
Other member journeys <sup>2</sup>	11%	Yes	7.5
<b>Weighted Total</b>	<b>100%</b>		<b>42.6</b>

<sup>1</sup> Other systems may have slightly different activity weights than you. Their weights are reflective of the activities that they do.

\* You do not do the activities where 'n/a' is shown as your score. These activities were explicitly excluded from the calculation of your service score by setting the weight for these activities to 0 and increasing all other weights pro rata.

2. The 6 other journeys are: New to the pension plan, leaving the pension plan, leave of absence, divorce and separation, planning for loved ones, retired life.

## Member Experience Surveying - Satisfaction or member experience

A number of plans have told CEM that measuring and managing the member experience has become a key strategic priority. Feedback is collected from members so the plan can make better and more cost-effective decisions on what services to improve and replace.

Plans don't just measure member satisfaction. Plans also survey other aspects of the customer experience such as a Net Promoter Score (NPS), member effort and member engagement.

1. Scoring method for satisfaction or member experience	Your Data	Your Score
Active members		
+ 100 Did you survey a sample of active members.	No	0
Annuitants		
+ 100 Did you survey a sample of annuitants.	No	0

## Member Experience Surveying - Single Channel Touchpoint

	Your Data	Your Score
<b>1. Scoring method for single-channel touchpoints</b>		
<b>1-on-1 counseling</b>		
+ 50 if you survey satisfaction or NPS exclusively for 1-on-1 counseling.	Yes	50.0
+ 20 if the greatest length of time between the survey and the 1-on-1 counseling session is 1 day.	1 day	20.0
+ 15 if you can summarize results by service representative.	Yes	15.0
+ 10 if you can summarize results by topic covered.	Yes	10.0
+ 5 if you survey how easy it was for the member to accomplish what they wanted.	n/a	<u>0.0</u>
Total		95.0
<b>Member presentations</b>		
+ 55 if you survey satisfaction or NPS exclusively for member presentations.	Yes	55.0
+ 30 if the greatest length of time between the survey and the member presentations session is 1 day.	1 day	30.0
+ 10 if you can summarize results by service representative.	Yes	10.0
+ 5 if you survey how easy it was for the member to accomplish what they wanted.	n/a	<u>0.0</u>
Total		95.0
<b>Member telephone calls</b>		
+ 35 if you survey satisfaction or NPS exclusively for member telephone calls.	Yes	35.0
+ 25 if the greatest length of time between the survey and the member telephone calls session is 1 day.	1 day	25.0
+ 20 if you survey how easy it was for the member to accomplish what they wanted.	n/a	0.0
+ 10 if you can summarize results by service representative.	Yes	10.0
+ 10 if you can summarize results by topic covered.	Yes	<u>10.0</u>
Total		80.0
<b>Website - secure member area</b>		
+ 20 if you survey satisfaction or NPS exclusively for website - secure member area.	n/a	0.0
+ 35 if you survey how easy it was for the member to accomplish what they wanted.	n/a	0.0
+ 30 if you can summarize results by topic(s) browsed.	n/a	0.0
+ 15 if the greatest length of time between the survey and the website - secure member area session is 1 day.	n/a	<u>0.0</u>
Total		0.0
<b>Website - public area</b>		
+ 20 if you survey satisfaction or NPS exclusively for website - public area.	n/a	0.0
+ 35 if you survey how easy it was for the member to accomplish what they wanted.	n/a	0.0
+ 30 if you can summarize results by topic(s) browsed.	n/a	0.0
+ 15 if the greatest length of time between the survey and the website - public area session is 1 day.	n/a	<u>0.0</u>
Total		0.0

## Member Experience Surveying - Member Journey

A member journey reflects a life event that may result in a single or multiple interactions with the pension plan. For example, the retirement process can result in multiple interactions: A retiring member may visit the website, attend presentations or counseling sessions, request a written estimate and call the pension plan. A survey focused exclusively on the retirement journey asks how members rate the retirement process as a whole.

	Your Data	Your Score
<b>1. Scoring method for member journeys</b>		
<b>Disability</b>		
+ n/a if you survey member satisfaction or NPS exclusively for the disability process.	n/a	0.0
+ n/a if you survey whether the disability process was easy.	n/a	0.0
+ n/a if the greatest length of time between the survey and the end of the disability process is 30 days or less.	n/a	<u>0.0</u>
Total		n/a
<b>Planning for retirement</b>		
+ 40 if you survey member satisfaction or NPS exclusively for the planning for retirement process.	Yes	40.0
+ 35 if you survey whether the planning for retirement process was easy.	n/a	0.0
+ 25 if the greatest length of time between the survey and the end of the planning for retirement process is 30 days or less.	1 day	<u>25.0</u>
Total		65.0
<b>Other member journeys</b>		
+ 40 Divorce and separation: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 40 Planning for loved ones: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	0.0
+ 5 New to the pension plan: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	Satisfaction	2.5
+ 5 Leaving the pension plan: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	Satisfaction	2.5
+ 5 Retired life: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	Satisfaction	2.5
+ 5 Takes a leave of absence: If you survey satisfaction/NPS and effort, 50% of the score if you survey only satisfaction/NPS, or only effort	None	<u>0.0</u>
Total		7.5

## Member Experience Surveying

### 2. Rationale for the scoring method

#### Best practice surveying:

- Focuses on a single customer journey, such as the retirement process, or a single service transaction, such as calls.
- Occurs shortly after the transaction or journey is completed. Immediately after a transaction is optimal for getting the member's impression of the service agent. Any longer and research shows that the member starts to confuse service received from the agent with other interactions that occur in the members daily life (e.g., with airlines, banks, retailers, family, etc.). A day or more after a call or the completion of a journey is better for determining whether the member accomplished what they intended, and were happy with the entire process.
- Measures member satisfaction and effort.
- Delivers feedback on the person that provides the service, and the purpose of the call or visit, specifically surveying activities such as calls, 1on1 counseling and presentations.
- Is performed on a frequent random-sample basis and results are communicated widely.



## Member Experience Surveying

3. Survey questions used						
			If yes, for each activity surveyed:			
			What was the longest possible time in days between the activity or journey and the survey?	Can you break down the survey results by service agent?	Can you break down the survey results by topic covered?	
Q113	Did you survey satisfaction or NPS for this activity in your most recently ended fiscal year?	Did you survey member effort?				
<b>Your Responses</b>						
a. Member satisfaction or experience						
Active members	No					
Annuitants	No					
b. Single-channel touchpoints						
1-on-1 counseling	Yes	n/a	1	Yes		Yes
Member presentations	Yes	n/a	1	Yes		
Member telephone calls	Yes	n/a	1	Yes		Yes
Website - secure member area	n/a	n/a	n/a			n/a
Website - public area	n/a	n/a	n/a			n/a
c. Member Journeys						
Disability	n/a	n/a	n/a			
Retirement	Yes	n/a	1			
Other member journeys						
New Job	Yes	n/a	n/a			
Exit Job	Yes	n/a	n/a			
Leave of Absence	n/a	n/a	n/a			
Retired life	Yes	n/a	1			
Divorce	n/a	n/a	n/a			
Death	n/a	n/a				
<b>Peer Responses</b>						
a. Member satisfaction or experience						
Active members	67% Yes					
Annuitants	70% Yes					
b. Single-channel touchpoints						
1-on-1 counseling	100% Yes	80% Yes	3	100% Yes		100% Yes
Member presentations	100% Yes	80% Yes	2	100% Yes		
Member telephone calls	90% Yes	80% Yes	11	100% Yes		100% Yes
Website - secure member area	100% Yes	67% Yes	11			100% Yes
Website - public area	n/a	n/a	n/a			n/a
c. Member Journeys						
Disability	83% Yes	75% Yes	40			
Retirement	100% Yes	100% Yes	23			
Other member journeys						
New Job	75% Yes	n/a	n/a			
Exit Job	80% Yes	75% Yes	n/a			
Leave of Absence	0% Yes	0% Yes	n/a			
Retired life	75% Yes	33% Yes	1			
Divorce	50% Yes	0% Yes	30			
Death	50% Yes	33% Yes	50.0			

## Member feedback measurement and management

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Member feedback questions	You	Peer Avg	All Avg
Q114 Indicate whether you have targets for any of the following member experience metrics:			
a) Member satisfaction or Net Promoter Scores?	Yes	83% yes	82% yes
b) Member effort?	No	33% yes	39% yes
c) Other?	No	25% yes	30% yes
d) If yes to any of the above, are the targets approved by the Board?	Yes	64% yes	63% yes
Q115 Do all, most, some or none of your member experience surveys include open-ended questions that allow members to provide qualitative feedback?	All	69% yes	61% yes
If all or most:			
a) Do you summarize feedback from members who rate their experience as:			
a1) Negative?	Yes	75% yes	84% yes
a2) Positive or neutral?	Yes	75% yes	81% yes
b) Do you have a process to contact members who participated in your survey to resolve issues or clarify feedback?	Yes	67% yes	71% yes
c) Is there an option in your surveys for members to request a call to discuss their feedback?	No	58% yes	50% yes
Q116 In your most recent fiscal year, did you solicit qualitative feedback from members via:			
a) In-depth, 1-on-1 interviews?	No	21% yes	33% yes
b) Notes from front-line employees on their interactions with members?	Yes	14% yes	33% yes
c) Focus groups, or customer arenas?	Yes	29% yes	36% yes
d) Usability tests?	No	7% yes	25% yes
e) Other methods?	No	7% yes	19% yes
Q117 Do you compile member feedback reports with quantitative and/or qualitative feedback on a regular basis for:			
Quantitative scores:			
a) Front-office employees that interact with members?	No	43% yes	50% yes
b) Back-office employees that support front-office employees?	No	29% yes	33% yes
d) The Board?	No	29% yes	42% yes
Qualitative scores:			
a) Front-office employees that interact with members?	No	36% yes	44% yes
b) Back-office employees that support front-office employees?	No	21% yes	25% yes
d) The Board?	No	21% yes	25% yes

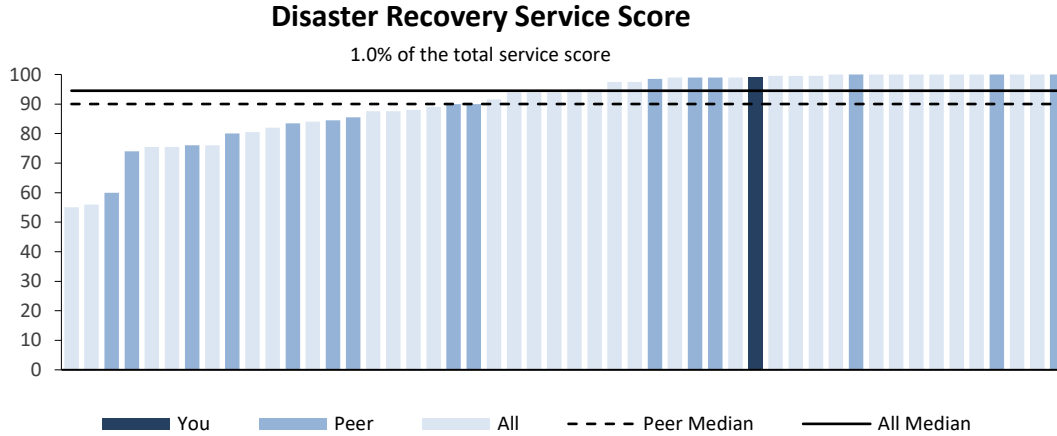
## Member feedback management

page 2 of 2

Member feedback questions	You	Peer Avg	All Avg
Q118 Do you use a statistical 'driver model' to help prioritize service	Yes	27% yes	30% yes
Q119 Do you track the number of interactions for each individual member via:			
a) Calls?	Yes	50% yes	58% yes
b) Emails?	Yes	43% yes	61% yes
d) 1-on-1 counseling?	Yes	71% yes	68% yes
e) If yes, for any of the above, can the interactions be easily summarized by life-event journey (e.g., retirement, disability, divorce, etc.) for each individual member ?	No	40% yes	50% yes
Q120 Do you track the use of digital tools (e.g., secure website pension calculator, etc.) by individual member?	Yes	36% yes	53% yes
Q121 Do you have a workflow system that provides service agents with real time information about each member's:			
a) Status of open items?	Yes	88% yes	94% yes
b) Interactions via calls and email?	Yes	69% yes	71% yes
c) Use of digital tools (e.g., the pension calculator in the secure area of the website, etc.)?	Yes	43% yes	44% yes
Q122 Do you have cross-functional teams focused on improving member experience for a single member journey?	Yes	27% yes	50% yes
Q123 In your most recent fiscal year, did you inform members about improvements that were made based on their feedback via:			
a) Annual report?	No	36% yes	39% yes
b) Newsletters or magazines?	Yes	43% yes	53% yes
c) 1-on-1 calls?	No	14% yes	28% yes
d) Other?	Yes	36% yes	31% yes

# Disaster Recovery

Your service score for disaster recovery was 99 out of 100. This was above the peer median of 90.



1. Scoring method		Your Data	Your Score
+ 20	if you have back-up equipment and premises arranged.	Yes	20.0
+ 35	if you can continue paying annuities in 2 days or less, otherwise 37.5 - 2.5 X days [Subject to a minimum score of 0]	2	35.0
+ 15	if you can return to normal inception volumes in 2 days or less, otherwise 16 - days / 2 [Subject to a minimum score of 0]	3	14.5
+ 10	if you can collect data and money from employers in 2 days or less, otherwise 11 - days / 2 [Subject to a minimum score of 0]	3	9.5
+ 10	if call center at current service levels in 2 days or less, otherwise 11 - days / 2 [Subject to a minimum score of 0]	2	10.0
+ 10	if you have an independent auditor that reviews and tests the disaster recovery	Yes	10.0
Total score			99.0

## Disaster Recovery

### 2. Rationale for the scoring method

Good service includes planning and preparing for unexpected events and disasters.

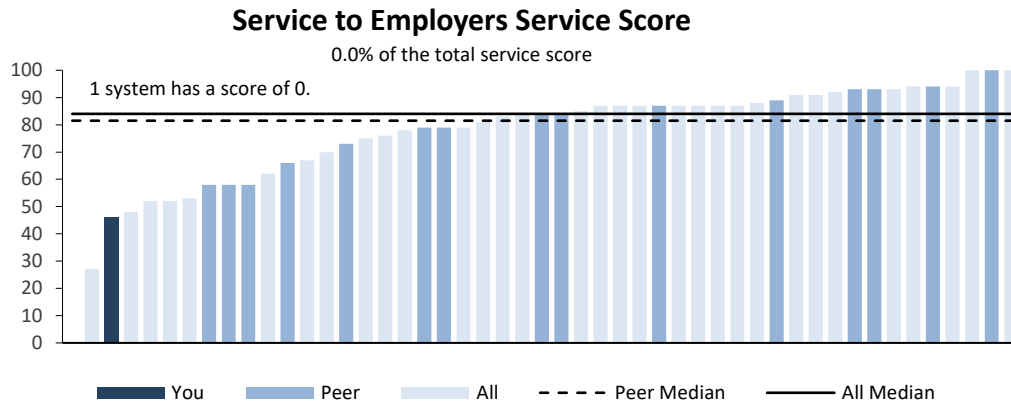
### 3. Survey questions used

		You	Peer Avg
Q109	Do you have back-up equipment and premises arranged for your operations if substantial damage occurs at your principal location?	Yes	94% Yes
Q110	Do you have an independent auditor that reviews and tests the disaster recovery plan?	Yes	69% Yes
Q111	If your principal location became inoperable due to some disaster (such as fire, tornado, etc), how long would it take, in business days, for you to:		
	a) Continue paying pension payments to retirees?	2	1 day
	b) Begin doing new pension inceptions at normal volumes?	3	9 days
	c) Collect data and money from employers?	3	3 days
	d) Respond to member calls at close to current service levels?	2	6 days

## Employer Service Score

The employer service score is no longer included in the total service score. It was removed because (i) many systems could not provide the necessary data, and, (ii) employer service needs vary widely depending on the number and type of employers. CEM continues with research to provide a better, more meaningful employer service score. The employer service score had only an approximate 4.0% weight in the total service score so the impact of this change on your total service score was small.

Your service score for service to employers was 46 out of 100. This was below the peer median of 82.



1. Scoring method		Your Data	Your Score
<u>Communication</u>			
+ 17	if you have an employer targeted section on your website	Yes	17.0
+ 12	if you have 3 or more different targeted types of presentations for employers, otherwise 4 X number of types	8	12.0
+ 12	if you send newsletters for employers 4 or more times per year, otherwise 3 X newsletter frequency	n/a	0.0
<u>Satisfaction and service agreements</u>			
+ 7	if you survey employer satisfaction, NPS or engagement	0	0.0
+ 6	if you have service level agreements with your employers	No	0.0
<u>Reporting software</u>			
+ 17	if you maintain either general or customized reporting software	Yes	17.0
+ 12	if the reporting software is web-based	No	0.0
+ 8	if the software integrates collections and billing	No	0.0
+ 9	if the software provides real time error checking and feedback	No	0.0
Total score			46.0

## Employer Service Score

### 2. Rationale for the scoring method

Having staff dedicated to servicing employers, providing generalized and/or customized collections reporting software, an up-to-date employer handbook, website, newsletter and training will help to reduce data errors and misinformation. Ultimately, this improves service to members.

### 3. Survey questions used

		You	Peer Avg
Q101	Do you have an employer targeted section on your website or a separate website for your employers? [Do not include PDF documents.]	Yes	100% Yes
Q103	How many different types of presentations did you give to employers?	8	8
Q104	Do you have a newsletter dedicated to employers that is different from the newsletter for members?	No	81% Yes
	a) If yes, how many times did you prepare and send an employer dedicated newsletter last year?	n/a	11
Q105	Do you have Service Level agreements with your employers that clarifies both your and the employer's service responsibilities and includes measurement and reporting vis-à-vis your responsibilities?	No	38% Yes
Q106	Do you offer and maintain generalized reporting software for your employer collection points?	Yes	100% Yes
	a) Is the application web-based? [i.e., you connect to it through a web browser]	No	94% Yes
	b) Can the software integrate both data collection and billing?	No	56% Yes
	c) Can it provide real-time error checking and feedback versus data previously submitted by the employer? [For example, can it identify an unusual increase in an employee's salary?]	No	63% Yes
Q107	Do you maintain customized reporting software for any of your employer collection points? [For example, you may maintain customized reporting software for your largest employer.]	No	38% Yes
Q113	Did you send any satisfaction or member experience surveys in your most recent fiscal year?	n/a	100% Yes

## What would you have to do to achieve a perfect service score?

CEM is not recommending these changes. Higher service is not necessarily optimal or cost effective. We include this complete accounting of all changes required to have a perfect service score because many participants want to know what they would have to do to achieve a higher score. Given this context, you could add as much as 20.8 points (from 79.2 to 100) to your Total Service Score if you enhanced service in each activity as follows:

Service Activity	Potential Improvement
<b><u>1B Pension Inceptions (0.17 potential improvement to your total service score)</u></b>	
<ul style="list-style-type: none"> <li>You require a birth/marriage certificate prior to incepting a pension. To achieve a perfect service score you must not require birth certificates and/or marriage certificates before incepting a pension.</li> </ul>	+ 0.17
<b><u>1C Refunds, Withdrawals, and Transfers-out (0.07 potential improvement to your total service score)</u></b>	
<ul style="list-style-type: none"> <li>You require notarization for transfer-out applications. To achieve a perfect service score, you must not require notarization of transfer-out applications.</li> </ul>	+ 0.07
<b><u>1D Purchases and Transfers-in (2.71 potential improvement to your total service score)</u></b>	
<ul style="list-style-type: none"> <li>On average, you provide a service credit purchase in 90 days. To achieve a perfect service score, you must be able to provide a service credit purchase estimate in 1 day or less.</li> </ul>	+ 2.58
<ul style="list-style-type: none"> <li>On average, you process member's transfer-in applications in 3 months. To achieve a perfect service score, a member's transfer-in application is processed in 1 month or less.</li> </ul>	+ 0.13
<b><u>2A Call Center (5.67 potential improvement to your total service score)</u></b>	
<ul style="list-style-type: none"> <li>7.2% of your incoming calls resulted in undesired outcomes (e.g., busy signals, messages, hang-ups). To achieve a perfect service score, members must experience no undesired call outcomes.</li> </ul>	+ 1.26
<ul style="list-style-type: none"> <li>On average, members calling your call center reach a knowledgeable person in 394 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.</li> </ul>	+ 3.93
<ul style="list-style-type: none"> <li>You do not notify members of expected wait time, or their place in the queue, when the expected wait exceeds a certain threshold.</li> </ul>	+ 0.09
<ul style="list-style-type: none"> <li>On average, your response time to member emails is 1.0 day. To achieve a perfect service score, members' emails must be responded to in 0.5 days or less.</li> </ul>	+ 0.09
<ul style="list-style-type: none"> <li>You are unable to provide an estimate that is linked to the member's actual account data on an immediate real-time basis over the phone. To achieve a perfect service score, you must be able to provide an estimate that is linked to the member's actual account data over the phone.</li> </ul>	+ -0.08
<ul style="list-style-type: none"> <li>You cannot provide a record of the member's previous calls to the system. To achieve a perfect service score, you must be able to provide a record of the member's previous calls to the system.</li> </ul>	+ 0.04
<ul style="list-style-type: none"> <li>You cannot provide copies of recent member correspondence online. To achieve a perfect service score, you must be able to provide copies of recent member correspondence online.</li> </ul>	+ 0.04
<ul style="list-style-type: none"> <li>You do not have a knowledge based online help system available for use by the service representative. To achieve a perfect service score, you must have a knowledge based online help system available for use by the service representative.</li> </ul>	+ 0.04
<ul style="list-style-type: none"> <li>You cannot provide the most recent member statement over the phone. To achieve a perfect service score, you must be able to provide the most recent member statement over the phone.</li> </ul>	+ 0.04
<ul style="list-style-type: none"> <li>You cannot provide beneficiary information over the phone. To achieve a perfect service score, you must be able to provide beneficiary information over the phone.</li> </ul>	+ 0.04
<ul style="list-style-type: none"> <li>You do not have a toll free number. To achieve a perfect service score, you must have a toll free</li> </ul>	+ 0.04



number.

- You do not have a workflow system with the real-time status of open items. To achieve a perfect service score, you must have a workflow system with the real-time status of open items. + 0.04
- You cannot track call volume projections. To achieve a perfect service score, you must be able to track call volume projections. + 0.04
- 81.4% of your calls are satisfied by their first contact. To achieve a perfect service score, 100% of calls must be satisfied by their first contact. + 0.30

**2C 1-on-1 Counseling (1.12 potential improvement to your total service score)**

- 1.6% of your 1-on-1 field sessions are held at locations separate from the employer. To achieve a perfect service score, 75% or more of your 1-on-1 field sessions must be held at locations separate from employer. + 0.45
- Your wait time for pre-scheduled in-house counseling sessions was 7 days. To achieve a perfect service score there must be no wait time for pre-scheduled in-house counseling sessions. + 0.13
- Your average wait time for walk-in counseling was 36 minutes. To achieve a perfect service score there must be no wait time for walk-in counseling. + 0.38
- You do not regularly review counselors for coaching purposes. To achieve a perfect service score you must regularly review counselors for coaching purposes. + 0.15

**2E Written Pension Estimates (1.54 potential improvement to your total service score)**

- You provide estimates on average in 60.0 days. To achieve a perfect service score, the weighted average time required to provide written and online estimates must be same day or less. + 1.54

**2F Mass Communication - Website (5.31 potential improvement to your total service score)**

- You do not offer a tool to calculate the cost of purchasing credit on your website. In order to achieve a perfect score, you must offer a tool to calculate the cost of purchasing credit on your website. + 0.44
- You do not provide a complete annual history of salary and service credit data on your website. To achieve a perfect service a complete annual history of salary and service credit data must be available to members. + 0.44
- Your members are forced to acknowledge a disclaimer every time they log-in or use the calculator. To achieve a perfect service score members must not be forced to acknowledge a disclaimer every time they log-in or use the calculator. + 0.89
- You do not offer live chat on your website. To achieve a perfect score you must offer live chat on your website. + 0.44
- Members cannot apply for retirement online. To achieve a perfect score members must be able to apply for retirement online. + 0.66
- To achieve a perfect score pensions initiated online requiring follow-up documents must be less than 50%. + 0.44
- Members cannot check the status of their retirement application online. To achieve a perfect score members must be able to check the status of their retirement application online. + 0.22
- Members cannot apply for a transfer-out or refund online. To achieve a perfect score members must be able to apply for a transfer-out or refund online. + 0.66
- Members cannot upload documents online in lieu of mailing hardcopies. To achieve a perfect score members must be able to upload documents online in lieu of mailing hardcopies. + 0.66
- Members cannot access videos online. To achieve a perfect score members must be able to access videos online. + 0.44

**2F Mass Communication - Newsletters (0.65 potential improvement to your total service score)**

- You do not send newsletters to inactive members. To achieve a perfect service score you must send a newsletter to inactive members at least annually. + 0.06
- You have different newsletters for 2 segments. To achieve a perfect service score you must send + 0.32

different newsletters to 3 or more segments.

- You do not send out personalized letters to members that are new. To achieve a perfect service score you must send out personalized letters to members that are new. + 0.06
- You do not send out personalized letters to members approaching eligibility, or becoming eligible, for retirement. To achieve a perfect service score you must send out personalized letters to members approaching eligibility, or becoming eligible, for retirement. + 0.22

**2F Mass Communication - Member Statements (0.55 potential improvement to your total service score)**

- Approximately 0.5% of members complain about the accuracy of data in their member statements. To achieve a perfect service score 0% of members complain about the accuracy of data in their member statements. + 0.06
- You do not email notices to members that their member statements are available in the secure member area. To achieve a perfect service score you must make member statements available in the secure member area and email notices to members indicating that they are available. + 0.24
- Your member statements do not contain a summary of salary and service credit earned each year. To achieve a perfect service score member statements must contain a summary of salary and service credit earned each year. + 0.24

**Member Experience Surveying (2.98 potential improvement to your total service score)**

**Active members (0.27 potential improvement to your total service score)**

- You did not survey active members about their experience participating in the plan during the fiscal year covered in this benchmarking report. + 0.27

**Annuitants (0.27 potential improvement to your total service score)**

- You did not survey annuitants about their experience participating in the plan during the fiscal year covered in this benchmarking report. + 0.27

**1-on-1 counseling (0.02 potential improvement to your total service score)**

- You did not do all the customer experience surveying for member who had 1-on-1 counselling about their experience during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) effort. + 0.02

**Member presentations (0.02 potential improvement to your total service score)**

- You only surveyed satisfaction/NPS, but not customer effort, for members who attended group presentations about their experience during the fiscal year covered in this benchmarking report. + 0.02

**Member telephone calls (0.18 potential improvement to your total service score)**

- You only surveyed satisfaction/NPS, but not customer effort, for members who contacted the call center about their experience during the fiscal year covered in this benchmarking report. + 0.18

**Website - secure member area (0.88 potential improvement to your total service score)**

- You did not survey members who visited their secure member web area about their experience during the fiscal year covered in this benchmarking report. + 0.88

**Website - public area (0.44 potential improvement to your total service score)**

- You did not survey members who visited the public area in the web site inabout their experience during the fiscal year covered in this benchmarking report. + 0.44

**Retirement (0.40 potential improvement to your total service score)**

- You only surveyed satisfaction/NPS, but not customer effort, for recently retired members about their retirement process experience during the fiscal year covered in this benchmarking report. + 0.40

**Other member journeys (0.51 potential improvement to your total service score)**

- You did not do customer experience surveying for life event: divorces during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice + 0.22

- customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort.
- You did not do customer experience surveying for life event: death and implications for survivors during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort. + 0.22
- You did not do customer experience surveying for member journey: starts a new job during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort. + 0.01
- You did not do customer experience surveying for member journey: exits their job during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort. + 0.01
- You did not do customer experience surveying for life event: retired life during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort. + 0.01
- You did not do customer experience surveying for member journey: takes a leave of absence during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which is: (i) satisfaction or Net Promoter Score (NPS) and (ii) effort. + 0.03

**Disaster Recovery (0.01 potential improvement to your total service score)**

- Following a disaster, you can return to normal inception volumes in 3 days. To achieve a perfect service score you must be able to return to normal inception volumes in 2 days or less. + 0.005
- Following a disaster, you can collect data and money from employers in 3 days. To achieve a perfect service score you must be able to collect data and money from employers in 2 days or less. + 0.005

# 8

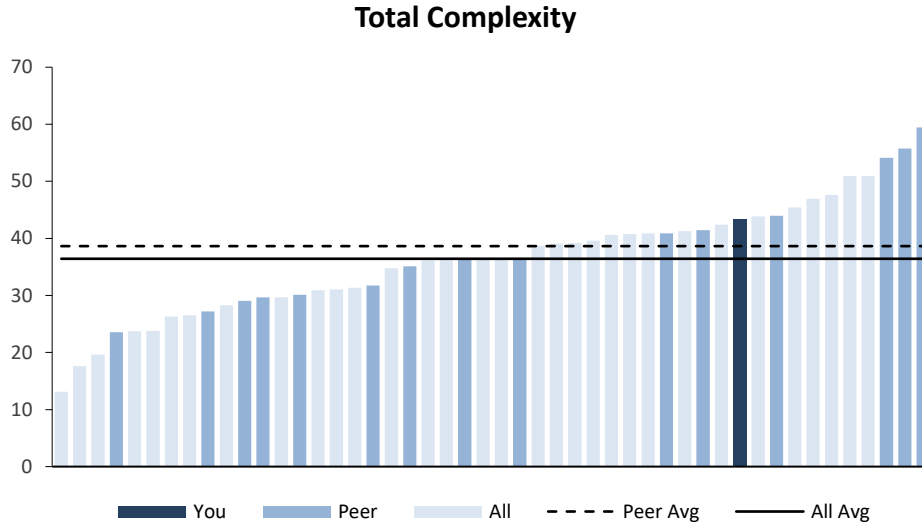
## Plan Complexity

This section:

- Identifies causes of retirement system complexity
- Compares your system's complexity to your peers and other retirement systems

## Your complexity score was above the peer average.

Your total complexity score was 43. This was above the peer median of 36.



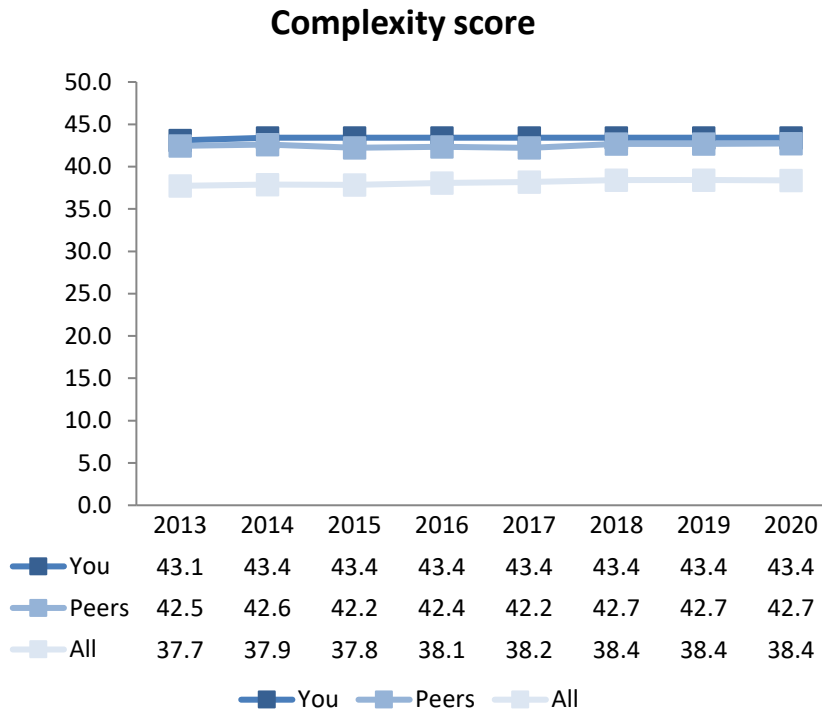
Your total complexity score is the weighted average of your complexity scores by the cause. The causes of complexity are summarized in the table below:

Cause		Weight	Complexity Score		
			You	Peer Avg	All Avg*
A	Pension Payment Options	15.0%	39	37	36
B	Customization Choices	20.0%	20	16	14
C	Multiple Plan Types and Overlay	13.0%	15	26	24
D	Multiple Benefit Formula	16.0%	40	50	48
E	External Reciprocity	3.0%	35	28	21
F	COLA Rules	4.0%	93	29	27
G	Contribution Rates	3.0%	62	41	35
H	Variable Compensation	4.0%	100	77	76
I	Service Credit Rules	3.0%	36	42	41
J	Divorce Rules	3.0%	55	56	64
K	Purchase Rules	6.0%	76	57	58
L	Refund Rules	4.0%	79	46	41
M	Disability Rules	6.0%	67	69	55
Weighted Average		100.0%	43	39	36

\* This section excludes the Dutch funds as they complete a different benchmarking survey.

## Trends in Complexity

Your total complexity score was unchanged between 2017 and 2020.



1. Trend analysis is based on systems that have participated for 8-consecutive years (11 peers and 36 World systems). This ensures that trends are not caused by changes in the composition of the participants.

### Complexity scoring methodology

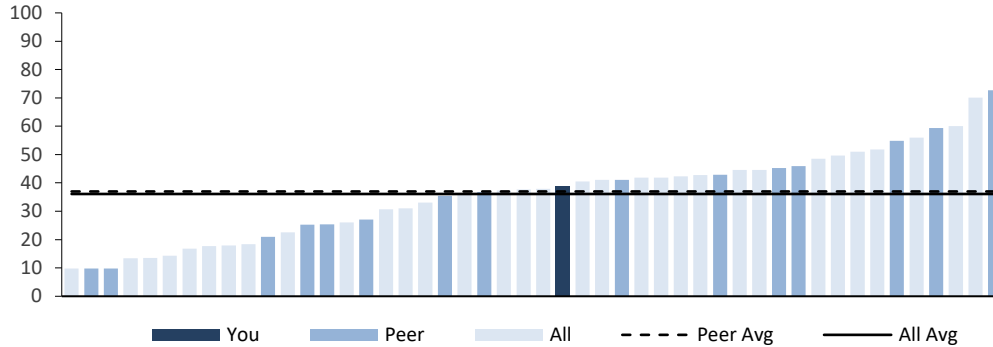
CEM's complexity scoring methodology changed in 2018, from a relative measure to absolute. The benefit of using an absolute measure is that your score is only impacted by changes in your plan rules.

Several of the formulas used to calculate complexity use the function  $\ln(\# \text{ of rule sets})$ . Using  $\ln(\# \text{ of rule sets})$  means that every doubling in the number of rule sets results in the same increment in complexity. For example, increasing the number of rules sets for qualifying for retirement from 1 to 2 is assumed to cause the same increment in complexity as increasing from 2 to 4, or from 4 to 8, and so on.

## A. Pension Payment Options Complexity

### Complexity from Pension Payment Options

15.0% of total complexity score



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
10%	<p>Q140 Do you have a designer option where members can design virtually any actuarially sound cash flow they choose? [Designer options need to be custom priced by an actuary.]</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	13% Yes 13	8% Yes 8
30%	<p>Q135 Do you offer "joint and survivor" options that are:</p> <p>a) Reduced to Beneficiary Only? [For example, If the beneficiary dies first, then the retiree's pension continues at the same level. However if the retiree dies first then the beneficiary receives a reduced pension (such as 70% for spouse).]</p> <p>b) Reduced to Last Survivor? [For example, if either the retiree or beneficiary dies the survivor receives a reduced pension (such as 70%, etc.).]</p> <p>c) "Reversion" or "Pop-up"? [For example, if the beneficiary dies first, the retiree's pension increases to an unmodified level. However, if the retiree dies first the pension does not increase for the surviving beneficiary (and it may decrease).]</p> <p><i>Complexity: 100 if all 3 types (yes to a, b and c), 85 if both reduced to spouse and reduced to last (yes to a and b), 75 if reversion and either reduced to spouse or reduced to last (yes to c and either a or b), otherwise 0.</i></p>	Yes No No 0	69% Yes 25% Yes 81% Yes 47	75% Yes 23% Yes 67% Yes 45
10%	<p>Q136 Do you limit the number of Joint and Beneficiary or Survivor percentages (i.e., 100% Survivor, 50% Survivor, etc.)? If you permit an unlimited number of percentages, then your response should be no.</p> <p>a) How many percentages do you permit?</p> <p><i>Complexity: 100 if unlimited, 0 if none, otherwise <math>12.7 + 18.3 \times \ln(\text{number of percentages you permit})</math> subject to a maximum of 100. i.e., 1 = 12.7, 2 = 25.3, 4 = 38.0, 8 = 50.6, etc. <sup>1</sup></i></p>	No n/a 100	1 4 60	1 7 54

<sup>1</sup>The logarithmic (ln) function is used extensively in this section to calculate complexity because complexity is not linear. Increasing from 100 to 101 rule sets is a much smaller jump in complexity than increasing from 1 to 2. In effect, the (ln) function says that every doubling in the number of rule sets results in the same increase in complexity. The constant and the coefficient were selected for each rule type such that the maximum number of rule sets reported in 2018 resulted in a complexity score of approximately 95.

## A. Pension Payment Options Complexity

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Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
10%	<p>Q145 How many mortality tables do you keep track of for determining joint and survivor or beneficiary options?  <i>Complexity: 0 if none, otherwise 10.5 + 15.1 x ln(number of mortality tables). i.e., 1 = 10.5, 2 = 20.9, 4 = 31.4, 8 = 41.8, etc.</i></p>	7	4	10
		40	26	24
10%	<p>Q137 Do any of your retirement formula for members explicitly subtract estimated Social Security (or CPP in Canada) when determining the benefit?            a) If yes, is this true for all of your members or are some pensions reduced to reflect Social Security and others not?            b) If yes, do you have a "Level Income" option for early retirees that pays a higher benefit to members prior to age 65 and then reduces the benefit at age 65 when social security (or CPP in Canada) starts to be paid?  <i>Complexity: 50 if you adjust for social security + 25 if you adjust for some members but not all + 25 if you have a level income for early retirees.</i></p>	Yes	38% Yes	50% Yes
		Some	0% All	33% All
		Yes	100% Yes	92% Yes
		100	38	45
5%	<p>Q138 Do you have "High/ Low" or "Low/High" options that are not tied to social security? [For example, a retiree might want higher payments for 10 years until a mortgage obligation is repaid, followed by lower payments.]  <i>Complexity: 100 if yes, otherwise 0.</i></p>	No	19% Yes	8% Yes
		0	19	8
5%	<p>Q139 Do you offer "Annuity Certain" options? [For example, Annuity Certain options provide the annuitant with a monthly benefit for life. If the annuitant dies before a set guarantee period, monthly benefits continue to be paid to a beneficiary for the balance of the guarantee period.]  <i>Complexity: 100 if yes, otherwise 0.</i></p>	No	50% Yes	54% Yes
		0	50	54
5%	<p>Q141 Can a member choose between a COLA protected and a non-COLA pension? [The only example we have seen provides a much higher FAS salary base for the non-COLA pension.]  <i>Complexity: 100 if yes, otherwise 0.</i></p>	No	0% Yes	6% Yes
		0	0	6

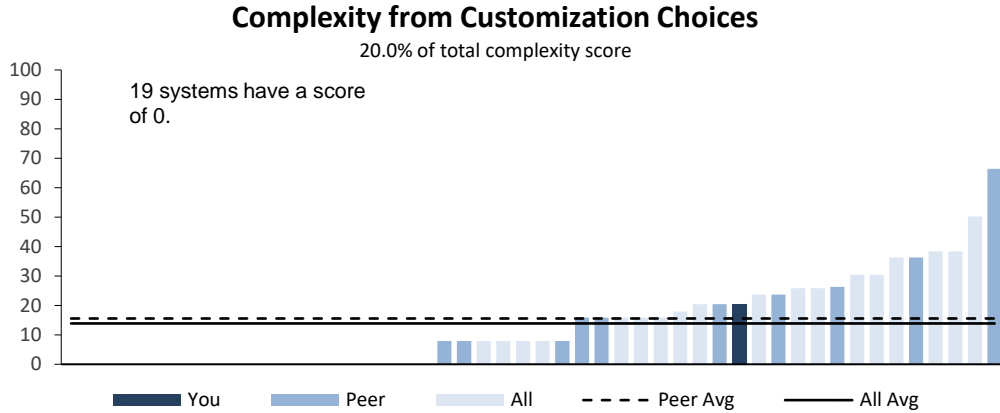


## A. Pension Payment Options Complexity

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Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
5%	<p>Q142 Do you have a Deferred Retirement Option Plan (“DROP”)? [This option allows eligible employees to receive payment of retirement benefits while continuing to work. These payments are usually deposited into a separate account, and the total accumulated value of this account is paid via lump sum to the employee on actual retirement.]</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	13% Yes 13	21% Yes 21
5%	<p>Q143 At retirement, can a member convert:</p> <p>a) Part of his benefit into a partial lump sum payment?</p> <p>b) All of his benefit into a lump sum or commuted value payment? [That can be rolled over to another fund, or investment account, etc.]</p> <p><i>Complexity: 100 if yes to a or b, 0 if no.</i></p>	No 0	44% Yes 56	42% Yes 58
5%	<p>Q144 Are members permitted to retire mid-month (in which case they receive a partial pension payment for the remainder of the month) or are they always assumed to retire on a set day (usually the first or the last day) of the month?</p> <p><i>Complexity: 100 if any day, otherwise 0.</i></p>	Any Day 100	50% Any 50	40% Any 40
100%	Weighted Average	39	37	36

## B. Customization Choices Complexity



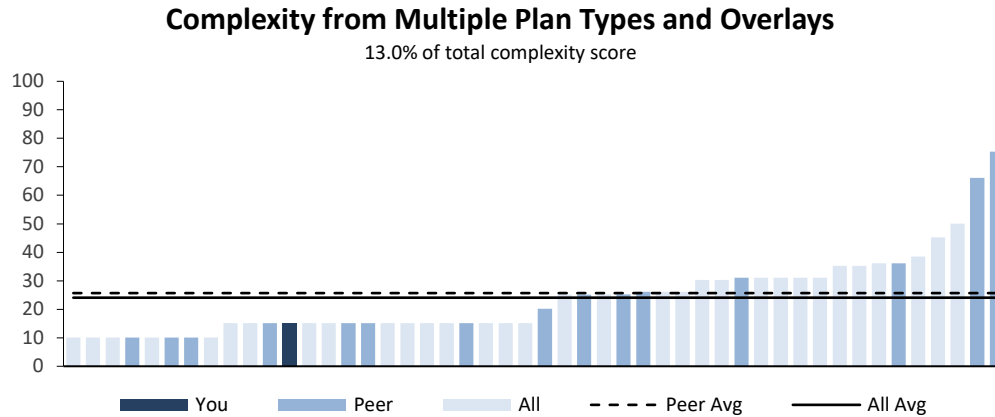
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	Q176 Can either existing employers, or a new employer joining your system, choose:			
	a) Whether they offer early retirement, or a window of early retirement?	Yes	25% Yes	17% Yes
	b) Whether or not part-time employees are eligible?	No	13% Yes	8% Yes
	c) Whether employee contributions are paid pre or post tax?	No	31% Yes	21% Yes
	d) Whether they pay for employee contributions themselves, or not?	Yes	50% Yes	25% Yes
	e) Position coverage based on predetermined rule sets? [For example, employers can choose from a list of pre-determined rules sets such as 1.5% X FAS for General and 2.5% X FAS for Law Enforcement. Employers may have flexibility to determine eligibility for each group.]	No	13% Yes	10% Yes
	f) Contribution levels and/ or match rates? [For example, at Texas MRS, employers can choose employee deposit rates of 5%, 6% or 7% and employer match rates of 1 to 1, 1.5 to 1 or 2 to 1. We think this only applies to money match and DC plans because for DB plans the promised benefit determines the contribution.]	Yes	25% Yes	13% Yes
	g) To pay for one-time improvements in retiree or member benefits? [For example, one fund's employers can elect to pay to improve the money purchase entitlement of their members.]	No	25% Yes	15% Yes

## B. Customization Choices Complexity

page 2 of 2

Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	<p>Q177 When new employers join your system, do they have the flexibility to customize any of the following items: If yes, indicate the number of standard choices for that item.</p> <p>a) Benefit program multipliers? [i.e., 2% per year of service, 2.5% per year of service, etc.]</p> <p>b) Final salary definition? [i.e., Sick Leave in or out, Final 1 year, Highest 5 consecutive years, etc]</p> <p>c) Retirement eligibility rules? [i.e., age and/or years of service required to retire]</p> <p>d) Cost of living adjustment rules? [i.e., CPI capped at 2%, CPI uncapped, etc]</p> <p>e) Vesting period?</p> <p>f) Service credit purchase categories?</p> <p>g) Death benefit coverage? [i.e., one system has 3 choices: none, \$5,000 and \$10,000]</p> <p>h) Disability coverage rules?</p> <p>i) Choice as to whether and how contributions and benefits are coordinated with social security?</p> <p>j) Other (describe)?</p> <p>Total Customization Choices [Sum of 1 for each yes in Q176 + sum of # of choices in Q177]</p>			
		n/a	5	5
		n/a	2	2
		n/a	n/a	n/a
		n/a	4	4
		n/a	n/a	n/a
		n/a	6	4
		n/a	6	3
		n/a	4	3
		n/a	2	2
		n/a	16	6
		3	6	3
90%	<i>Complexity: 0 if none, otherwise <math>8.8 + 12.7 \times \ln(\text{number of customization choices})</math>. i.e., 1 = 8.8, 2 = 17.6, 4 = 26.4, 8 = 35.1, etc.</i>	23	16	13
	<p>Q178 Can an existing employer change any of the choices (per question 177 above), effectively creating a new or altered rule set, at any time?</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No	13% Yes	23% Yes
10%		0	13	23
100%	Weighted Average	20	16	14

## C. Multiple Plan Types and Overlays Complexity



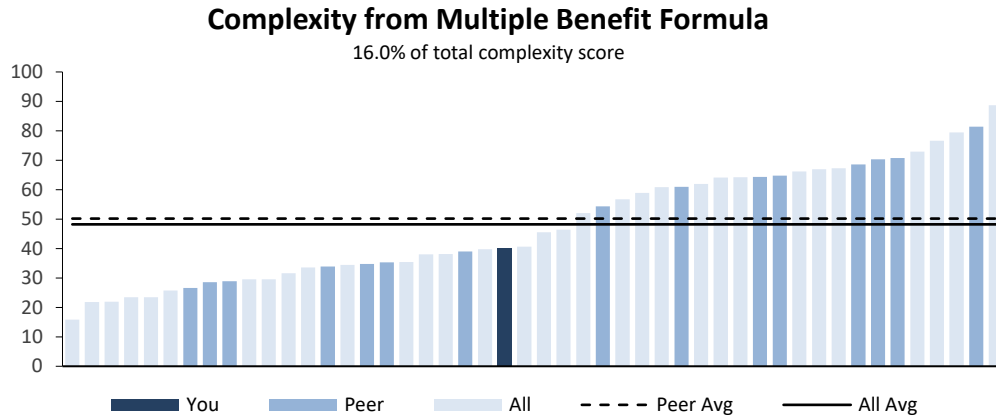
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	Q125 Which of the following descriptions best describes the non-optional benefit plans that you administer for each of your member groups:			
	a) Traditional Defined Benefit ("DB")?	Yes	94% Yes	96% Yes
	b) DB Cash Balance (aka Money Purchase)?	No	6% Yes	6% Yes
	c) Hybrid DB/ DC Cash Balance?	No	6% Yes	4% Yes
	d) Hybrid DB/ Money Match?	No	6% Yes	4% Yes
	e) DROP savings?	No	6% Yes	10% Yes
	f) Defined Contribution ("DC")?	No	13% Yes	18% Yes
	g) Hybrid DB/ DC?	No	25% Yes	24% Yes
	h) Other (describe)?	No	6% Yes	6% Yes
	Total number of different plan types. Hybrid plans count as 2 types.	1.0	2.0	2.0
45%	<i>Complexity: 0 if none, otherwise <math>22.4 + 32.4 \times \ln(\text{number of non-optional benefit plans})</math>. i.e., 1 = 22.4, 2 = 44.8, 4 = 67.3, 8 = 89.7, etc.</i>	22	38	39

## C. Multiple Plan Types and Overlays Complexity

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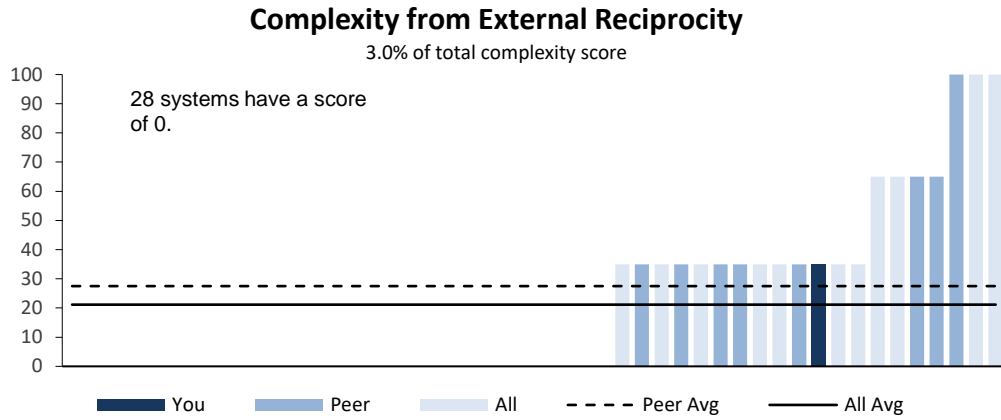
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	<p>Q126 Do members in any of your defined benefit plan(s) have the option of electing: [These questions are not applicable for DC plans or the DC portion of hybrid DB/DC plans]</p> <p>a) A 'variable investment option' that can increase or decrease the value of a member's future DB pension depending on the investment performance of a 'variable fund'?</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	13% Yes 13	6% Yes 6
30%				
	<p>b) A 'pension savings overlay'? [Some Dutch systems have this option. The additional contributions are converted into an annuity at retirement. Interest is based on a fixed percentage or on the performance of the pension fund.]</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	6% Yes 6	10% Yes 10
10%				
	<p>c) To change their contribution rate in order to get either more money at retirement or earlier eligibility to retire?</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	13% Yes 13	4% Yes 4
10%				
	<p>Q127 Do you have a Highly Compensated Employee replacement benefit program for employees that exceed legal or contractual limits of maximum pensionable earnings?</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	56% Yes 56	63% Yes 63
5%				
100%	Weighted Average	15	26	24

## D. Multiple Benefit Formula Complexity



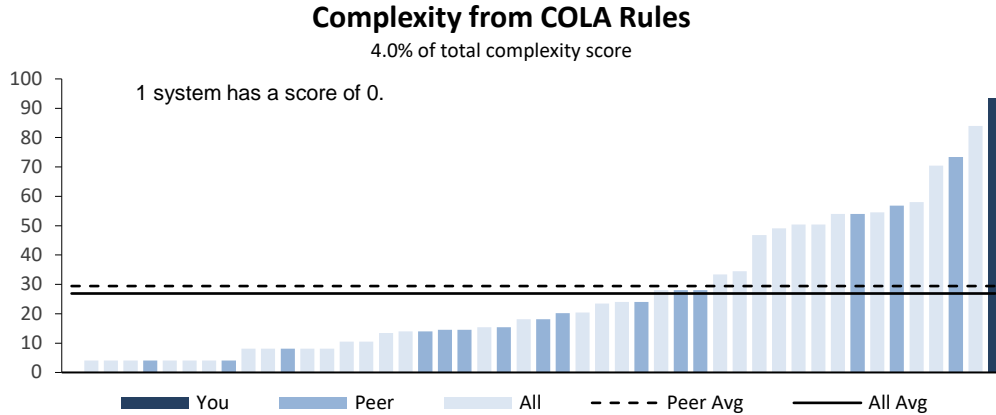
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
30%	Q149 How many different rule sets do you have that apply to member groups or subsets of a member group for qualifying for an unreduced retirement <i>Complexity: 0 if none, otherwise <math>12.7 + 18.3 \times \ln(\text{number of rule sets})</math>. i.e., 1 = 12.7, 2 = 25.3, 4 = 38.0, 8 = 50.6, etc.</i>	8	7	10
		51	42	46
5%	Q150 Can members retire earlier than the age required for an unreduced retirement formula? <i>Complexity: 100 if yes, 0 if no</i>	Yes 100	100% Yes 100	98% Yes 98
20%	Q151 How many different salary definitions could apply in retirement formula calculations? <i>Complexity: 0 if none, otherwise <math>19.4 + 27.9 \times \ln(\text{number of salary definitions})</math>. i.e., 1 = 19.4, 2 = 38.7, 4 = 58.1, 8 = 77.4, etc.</i>	2	6	5
		39	60	53
25%	Q152 How many different 'formula percentage' rule sets could apply in unreduced retirement formulas? <i>Complexity: 0 if none, otherwise <math>12.7 + 18.3 \times \ln(\text{number of 'formula percentage' rule sets})</math>. i.e., 1 = 12.7, 2 = 25.3, 4 = 38.0, 8 = 50.6, etc.</i>	7	7	8
		48	43	39
20%	Q153 Do you have different employers with different benefit formula? If yes, which of the following happens when a member moves from one employer that you administer to another with a different benefit formula? [For example, moves from PERS to Law Enforcement.]	No	56% Yes	52% Yes
	a) Each system uses its own formula and salary data to determine the benefit.	n/a	44% Yes	52% Yes
	b) Each system applies its own formula but uses either the salary earned in the last system, or the highest salary (or salaries) in either system.	n/a	44% Yes	44% Yes
	c) The highest formula will apply.	n/a	11% Yes	8% Yes
	d) The formula of the plan where the member works last will apply.	n/a	22% Yes	36% Yes
	e) Other (describe).	n/a	11% Yes	20% Yes
100%	<i>Complexity: 100 if b or c apply, 80 if d or e, 60 if a, otherwise 0.</i>	0	49	46
100%	Weighted Average	40	50	48

## E. External Reciprocity Complexity



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
35%	<p>Q154 Do you have agreements with external systems where you both agree to use the member's final salary from the system where the member worked immediately prior to retirement in the benefit calculation? [Otherwise, each system pays the "dual" member a pension benefit based on its own rules for determining the benefit. Neither credit nor money are transferred between systems.]</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	44% Yes 44	33% Yes 33
65%	<p>Q155 Do you have agreements with external Systems where the member may combine internal and external credit to form one joint account?</p> <p><i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	19% Yes 19	15% Yes 15
100%	Weighted Average	35	28	21

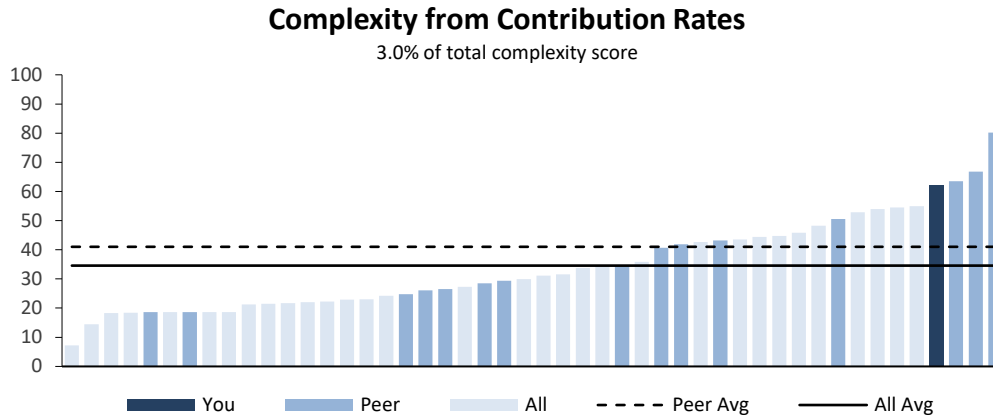
## F. COLA Rules Complexity



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
20%	<p>Q146 How many different cost of living adjustment ("COLA") rule sets do you have for retired, and if applicable, inactive members? (These rule sets may be either contractual or legislated.)</p> <p><i>Complexity: 0 if none, otherwise <math>20.2 + 29.2 \times \ln(\text{number of COLA rule sets})</math>. i.e., 1 = 20.2, 2 = 40.4, 4 = 60.6, 8 = 80.8, etc.</i></p>	5 67	4 49	3 45
40%	<p>Q147 Do you have:</p> <p>a) Cost of living adjustment ("COLA") clauses that carry forward inflation that exceeds a cap (versus no cap or no carry forward or no COLA etc.)? <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	25% Yes 25	25% Yes 25
10%	<p>b) Conditional COLA based on the level of funding? <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	31% Yes 31	25% Yes 25
20%	<p>c) Umbrella legislation that guarantees the purchasing power of an annuitants' pension will not fall below a certain level? [An example of such legislated protection is the PPPA in California.] <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	25% Yes 25	17% Yes 17
5%	<p>Q148 Do you have COLA clauses that increase the base pensionable earnings of inactive members? <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	19% Yes 19	23% Yes 23
5%	<p>a) If yes, are these COLA increases the same as they are for annuitants? <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	67% Yes 13	73% Yes 17
100%	Weighted Average	93	29	27

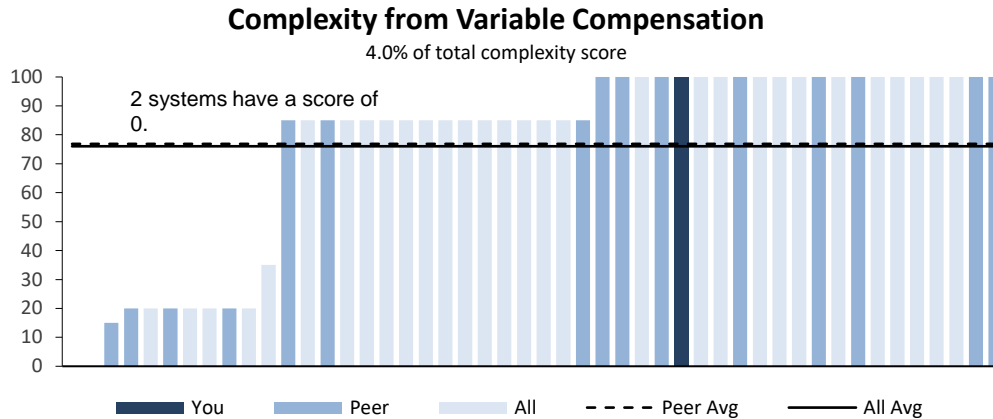


## G. Contribution Rates Complexity



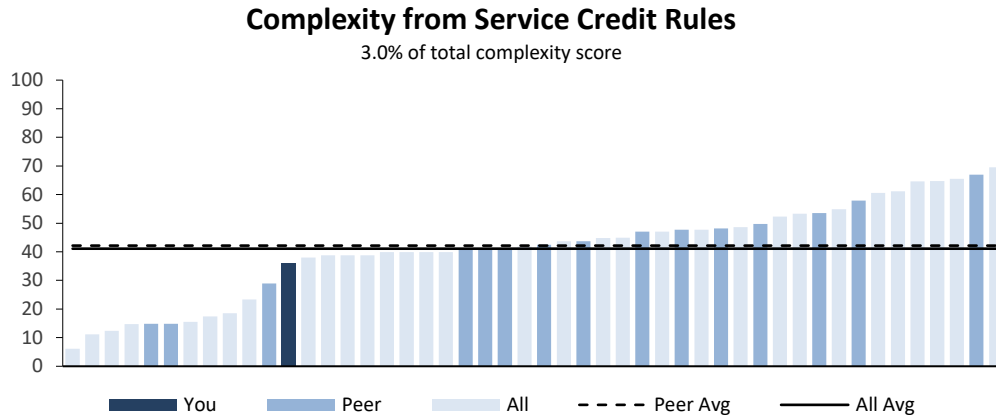
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
40%	<p>Q179 How many different contribution percentages do you collect from:</p> <p>a) Employers? [For example, single member group systems may have only one contribution percentage whereas some multi-plan systems may collect numerous different contribution rates from various participating employers.] <i>Complexity: 0 if none, otherwise <math>7.3 + 10.5 \times \ln(\text{number of contribution percentages collected from employers})</math>. i.e., 1 = 7.3, 2 = 14.6, 4 = 21.9, 8 = 29.2, etc.</i></p>	11	603	266
40%	<p>b) Members? <i>Complexity: 0 if none, otherwise <math>10.8 + 15.5 \times \ln(\text{number of contribution percentages collected from members})</math>. i.e., 1 = 10.8, 2 = 21.5, 4 = 32.3, 8 = 43.0, etc.</i></p>	33	39	33
		228	21	10
		95	39	34
17%	<p>Q180 Which of the following payment methods for employee contributions occur in the plans that you administer:</p> <p>a) No employee contributions? Yes</p> <p>b) Employer pays his part and also the employee contributions? No</p> <p>c) Employer withholds employee contributions pre-tax from his salary? Yes</p> <p>d) Employer withholds employee contributions post-tax from his salary? Yes</p> <p><i>Complexity: 100 if all 4 methods are possible, 66 if 3 methods, 33 if 2 methods, 0 if 1 method.</i></p>	66	48	38
3%	<p>Q181 Do you have any other contributions in addition to the regular employee and employer contributions? [For example, Ohio SERS collects a surcharge for members who earn less than a minimum compensation amount.] <i>Complexity: 100 if yes, otherwise 0.</i></p>	0	56	50
100%	Weighted Average	62	41	35

## H. Variable Compensation Complexity



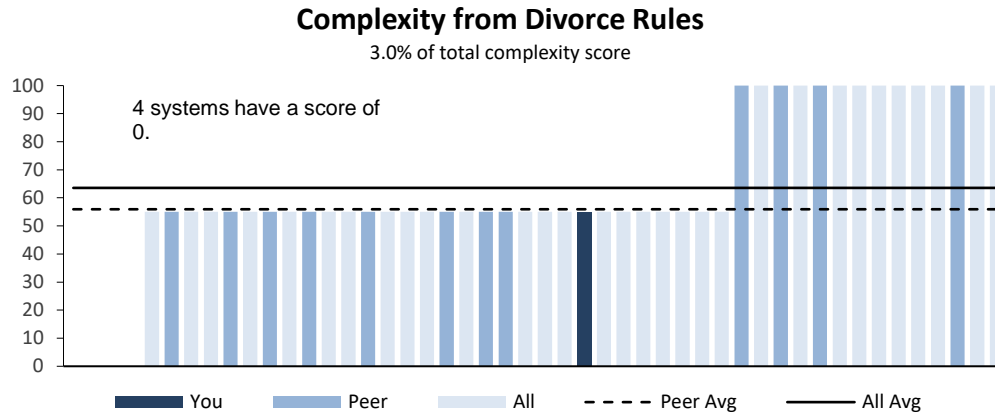
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
20%	<p>Q174 Indicate which of the following forms of variable compensation are paid in your system. And, if paid, indicate whether all, some or none of that type of variable compensation is included in pensionable earnings.</p> <p>a) Bonuses? Yes</p> <p>b) Allowances, such as remote location pay or 'high risk' duty allowance or a car allowance? Yes</p> <p>c) Overtime pay? No</p> <p>d) Commissions or similar payments such as fees paid to sheriffs for process serving? Yes</p> <p><i>Complexity: 100 if variable compensation is paid in your system, otherwise 0.</i></p>	Yes Yes No Yes 100	69% Yes 69% Yes 88% Yes 56% Yes 94	79% Yes 83% Yes 85% Yes 40% Yes 94
65%	<p>If yes, is all, some or none of it included in pensionable earnings?</p> <p>a) Bonuses? Some</p> <p>b) Allowances, such as remote location pay or 'high risk' duty allowance or a car allowance? All</p> <p>c) Overtime pay? n/a</p> <p>d) Commissions or similar payments such as fees paid to sheriffs for process serving? All</p> <p><i>Complexity: 100 if some types of variable compensation paid are included and some are not (i.e., either any of the above is 'some' or there is a mix of 'all' and 'none'), otherwise 0.</i></p>	Some All n/a All 100	19% All 37% All 65% All 34% All 75	16% All 21% All 54% All 37% All 77
15%	<p>Q175 When determining a member's pensionable earnings does a cap on salary increases apply?</p> <p><i>Complexity: 100 if yes, 0 if no</i></p>	Yes 100	63% Yes 63	48% Yes 48
100%	Weighted Average	100	77	76

# I. Service Credit Rules Complexity



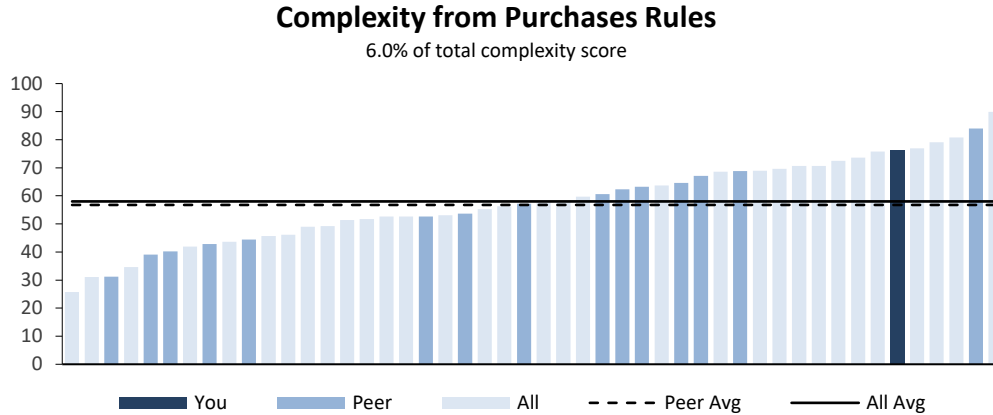
Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
30%	Q156 How many different definitions do you have for a "full year" of service credit? <i>Complexity: 0 if none, otherwise <math>12.4 + 17.9 \times \ln(\text{number of 'full year' service credit definitions})</math>. i.e., 1 = 12.4, 2 = 24.9, 4 = 37.3, 8 = 49.7, etc.</i>	1	4	6
		12	30	31
30%	Q157 Does your system have more than one payroll year for determining service credit? a) If yes, how many different payroll years exist in your system? <i>Complexity: 0 if none, otherwise <math>16.1 + 23.2 \times \ln(\text{number of payroll years})</math>. i.e., 1 = 16.1, 2 = 32.2, 4 = 48.2, 8 = 64.3, etc.</i>	No n/a	25% Yes 3	33% Yes 5
		0	10	15
5%	Q158 How many different vesting periods do you have that apply to active members? [Your answer should be 0 if you have immediate vesting. Most North American systems have only one.] <i>Complexity: 0 if none, otherwise <math>23.8 + 34.3 \times \ln(\text{number of vesting periods})</math>. i.e., 1 = 23.8, 2 = 47.5, 4 = 71.3, 8 = 95.0, etc.</i>	2	3	2
		48	57	45
30%	Q159 b) Casual/ temporary/ intermittent/ seasonal employees to be members? [An example of a "temporary" employee is an infrequent substitute teacher.] <i>Complexity: 100 if yes, otherwise 0.</i>	Yes 100	75% Yes 75	69% Yes 69
5%	Q160 Are you sometimes asked by employers to determine the eligibility of members? <i>Complexity: 100 if yes, otherwise 0.</i>	No 0	94% Yes 94	92% Yes 92
100%	Weighted Average	36	42	41

## J. Divorce Rules Complexity



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	<p>Q187 Choose the statement that best describes how divorce settlements for active members (or divorce decrees or QDROS, or QILDROS, or Division of Benefit Orders, etc.) impact your system. If you have different rules for different plans, choose the statement that applies to the largest number of cases.</p> <p>a) Minimal impact. Law prevents you from paying the pension to anybody except the member and the member's specified beneficiaries.</p> <p>b) Minimal impact unless children are involved. With children you may be required to redirect payment.</p> <p>c) A portion of the pension is paid to the ex-spouse, but ONLY when the member begins receiving benefits.</p> <p>d) A portion of the pension is paid to the ex-spouse. The ex-spouse can initiate the pension at a time different than the member provided that eligibility conditions are met.</p> <p>e) Other (describe)</p>			
100%	<i>Complexity: 100 if yes to d, 55 if yes to c or e, 5 if yes to b, otherwise 0.</i>	No 55	19% Yes 56	10% Yes 64
100%	Weighted Average	55	56	64

## K. Purchase Rules Complexity

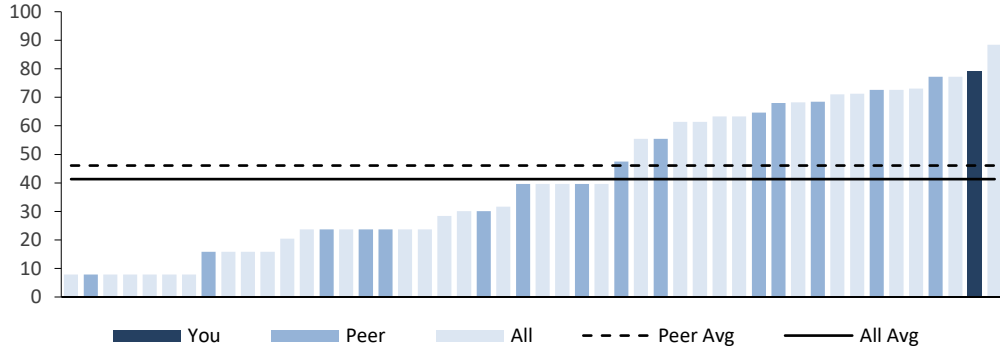


Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
25%	<p>Q161 Indicate each of the payment methods you permit for service credit purchases and upgrades:</p> <p>a) Rollover from tax qualified plans such as 401(a) or 401(k) or Conduit IRA or KEOGH in the US; or RRSP plans in Canada?</p> <p>b) Lump sum payments from members?</p> <p>c) Installment payments direct from members?</p> <p>d) Installment payments via payroll deduction through employers?</p> <p><i>Complexity: 10 if rollover + 10 if lump sum direct from member + 40 if installment direct from member + 40 if installment through payroll deduction.</i></p>	<p>Yes</p> <p>Yes</p> <p>n/a</p> <p>Yes</p> <p>60</p>	<p>100% Yes</p> <p>100% Yes</p> <p>60% Yes</p> <p>31% Yes</p> <p>55</p>	<p>100% Yes</p> <p>98% Yes</p> <p>65% Yes</p> <p>55% Yes</p> <p>68</p>
25%	<p>Q162 How many different service credit purchase categories do you have with different definitions and/or eligibility requirements?</p> <p><i>Complexity: 0 if none, otherwise 14.1 + 20.3 x ln(number of service credit purchase categories). i.e., 1 = 14.1, 2 = 28.1, 4 = 42.2, 8 = 56.3, etc.</i></p>	<p>13</p> <p>66</p>	<p>15</p> <p>63</p>	<p>13</p> <p>62</p>
25%	<p>Q163 How many different service credit purchase calculation formula or methodologies do you have?</p> <p><i>Complexity: 0 if none, otherwise 18.1 + 26.1 x ln(number of service credit purchase formulas). i.e., 1 = 18.1, 2 = 36.2, 4 = 54.3, 8 = 72.4, etc.</i></p>	<p>10</p> <p>78</p>	<p>6</p> <p>62</p>	<p>6</p> <p>61</p>
25%	<p>Q164 Are your service credit purchase rules (category definitions, eligibility requirements and calculation methodologies):</p> <p>a) Essentially identical for all your members?</p> <p>b) Similar for all member groups, albeit with some differences?</p> <p>c) Very different for different member groups?</p> <p><i>Complexity: 100 if very different for all member groups, 50 if some differences between member groups, otherwise 0.</i></p>	<p>No</p> <p>No</p> <p>Yes</p> <p>100</p>	<p>38% Yes</p> <p>44% Yes</p> <p>25% Yes</p> <p>47</p>	<p>40% Yes</p> <p>48% Yes</p> <p>17% Yes</p> <p>41</p>
100%	Weighted Average	76	57	58

# L. Refund Rules Complexity

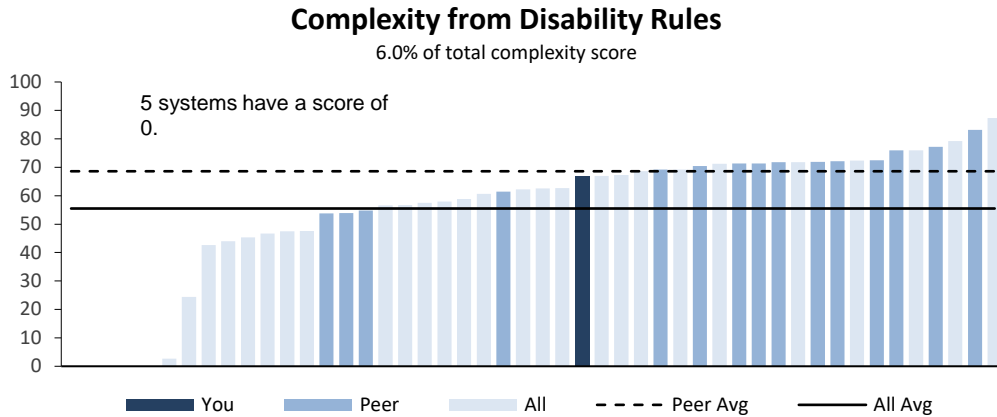
## Complexity from Refund Rules

4.0% of total complexity score



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	Q165 Do you pay a one-time death payment when a member, retiree or the retiree's beneficiary dies (separate from the survivor pension)?	Yes	75% Yes	58% Yes
	a) If yes, how many different one-time death payment rule sets do you have? [i.e., \$5,000, \$2,000 etc.]	8	4	4
67%	<i>Complexity: 0 if none, otherwise 23.8 + 34.3 x ln(number of one-time death payment rule sets). i.e., 1 = 23.8, 2 = 47.5, 4 = 71.3, 8 = 95.0, etc.</i>	95	46	38
	Q166 How many different refund formulas do you have?	2	2	3
33%	<i>Complexity: 0 if none, otherwise 23.8 + 34.3 x ln(number of refund formulas). i.e., 1 = 23.8, 2 = 47.5, 4 = 71.3, 8 = 95.0, etc.</i>	48	46	48
100%	Weighted Average	79	46	41

## M. Disability Rules Complexity



Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
20%	<p>Q28 Do you administer: a) Long-term disability/ disability pensions? <i>Complexity: 100 if you administer, otherwise 0.</i></p>	Yes 100	100% Yes 100	88% Yes 88
10%	<p>Q172 How many different rule sets with different definitions or benefits do you have that apply to member groups or subsets of a member group for: a) Long-term disability/ disability pensions? <i>Complexity: 0 if none, otherwise <math>13.3 + 19.2 \times \ln(\text{number of long-term disability/disability pension rule sets})</math>. i.e., 1 = 13.3, 2 = 26.6, 4 = 39.9, 8 = 53.1, etc.</i></p>	6 48	5 37	6 33
5%	<p>Q28 Do you administer: b) Short-term disability?</p> <p>Q172 How many different rule sets with different definitions or benefits do you have that apply to member groups or subsets of a member group for: b) Short-term disability (if you administer it yourself)? <i>Complexity: 0 if none, otherwise <math>19.8 + 28.5 \times \ln(\text{number of short-term disability rule sets})</math>. i.e., 1 = 19.8, 2 = 39.5, 4 = 59.3, 8 = 79.0, etc.</i></p>	No n/a 0	13% Yes 2 5	8% Yes 1 3
10%	<p>Q30 Do you cover non-occupational disability? [Some systems only cover disabilities that happen at work.] a) If yes, does either the amount paid or the taxation of the disability benefit vary depending on whether the disability is occupational versus non-occupational? <i>Complexity: 100 if you have to determine whether or not the disability occurred at work and you have an independent decision process, otherwise 0.</i></p>	Yes Yes 100	100% Yes 81% Yes 81	100% Yes 52% Yes 46

## M. Disability Rules Complexity

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Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
10%	<p>Q134 b) Check income of disabled members after they have started receiving disability payments? <i>Complexity: 100 if yes, otherwise 0.</i></p>	No 0	81% Yes 81	69% Yes 65
10%	<p>Q168 Will you pay a disabled member that returns to work at a salary lower than he previously earned: a) The difference between his old salary (or his old disability benefit) and his new lower salary? b) An amount that is potentially greater than the difference between his old salary and his new lower salary? <i>Complexity: 100 if yes to b, 80 if yes to a, otherwise 0.</i></p>	Yes  No 80	38% Yes  0% Yes 30	22% Yes  5% Yes 18
15%	<p>Q169 How do you determine whether a member qualifies for long-term disability/ disability pension: c) Process independent of social security, worker's compensation and employer decisions? [For example, many systems use independent internal processes or medical review boards or medical consultants.] <i>Complexity: 100 if yes, otherwise 0.</i></p>	Yes 100	100% Yes 100	95% Yes 85
10%	<p>Q170 Which of the following descriptions best describes the MINIMUM level of disability necessary to be eligible for a long-term disability/ disability pension: [If you have different plans with different definitions, choose the definition that applies to the largest number of cases.] a) Disabling injury or illness that prevents you from performing your current job duties (even though you might be able to perform other jobs) and expected to be permanent (or for some systems - persist longer than 6 or 12 months)? b) Disabling injury or illness that prevents the member from performing current and 'other' jobs that he/she is qualified for and/or can become qualified to do in a reasonable period of time and expected to be permanent (or for some systems - persist longer than 6 or 12 months)? [Sometimes but not always the 'other job' is defined as not able to earn a certain level (i.e., 75%) of pre-disability earnings.] c) Totally and permanently incapacitated and member is not reasonably expected to recover from disabling medical condition or not expected to ever work again? d) Other (describe)? <i>Complexity: If your decision process is independent (i.e., yes to c), then 100 if yes to b, 90 if yes to a, 50 if yes to c, 25 if yes to d, otherwise 0.</i></p>	Yes  No  No 90	56% Yes  13% Yes  33% Yes 40% Yes	63% Yes  17% Yes  28% Yes 15% Yes



## M. Disability Rules Complexity

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Weight	Relevant Complexity Questions and Scoring	You	Peer Avg	All Avg
	<p>Q171 If you administer short-term disability:</p> <p>a) Are the short-term and long-term disability/ disability pension processes closely entwined? [i.e., difficult to distinguish between costs of long-term/disability pensions and short term disability, same staff do both, similar approval processes]</p> <p>b) Are the disability definitions, other than the expected duration of disability, the same for both long-term and short-term disability? [For example, the only difference between the definition of long-term/ disability pensions and short-term disability at some systems is the disabling injury or illness is expected to last longer than 12 months for long-term.]</p> <p>c) Are there materially different approval processes for short-term and long-term disability/ disability pensions?</p>	n/a	100% Yes	57% Yes
		n/a	50% Yes	29% Yes
		n/a	50% Yes	43% Yes
5%	<p><i>Complexity: 100 if different definitions and approval processes (i.e., no to b and yes to c), 75 if approval processes or definitions are very different (either no to b or yes to c), otherwise 0.</i></p>	0	6	6
	<p>Q173 Do you reduce payments if the member qualifies or receives:</p> <p>a) Disability social security?</p> <p>b) Worker's compensation?</p> <p>c) Other public funds (i.e., federal military disability)?</p> <p>d) Income protection plans/other disability insurance?</p> <p>e) Employer sick leave and annual leave pay?</p> <p>f) Unemployment compensation?</p> <p>g) Income from other employment?</p> <p>h) Other (describe)?</p> <p>Total yes responses for disability coordination</p>	No	31% Yes	30% Yes
		No	50% Yes	48% Yes
		No	19% Yes	10% Yes
		No	19% Yes	10% Yes
		No	31% Yes	19% Yes
		No	19% Yes	14% Yes
		No	69% Yes	52% Yes
		<u>No</u>	<u>20% Yes</u>	<u>22% Yes</u>
5%	<p><i>Complexity: 0 if none, otherwise <math>25.0 + 36.1 \times \ln(\text{number of disability coordination categories})</math>. i.e., 1 = 25.0, 2 = 50.0, 4 = 75.0, 8 = 100.0, etc.</i></p>	0	3	2
		0	48	34
100%	Weighted Average	67	69	55

# 9

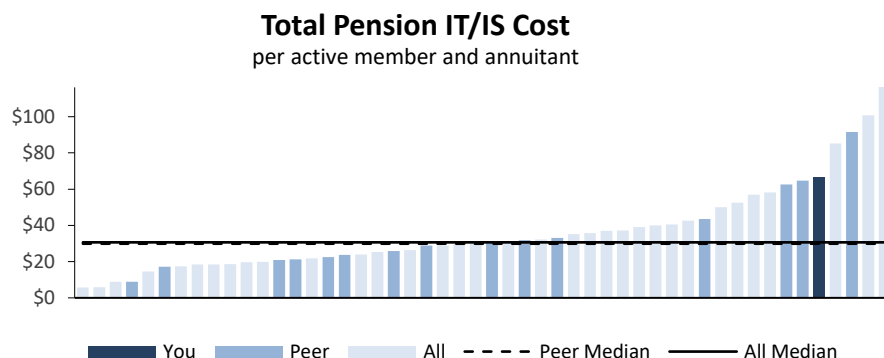
## IT and Major Projects

This section contains comparisons to your peers and all participants of:

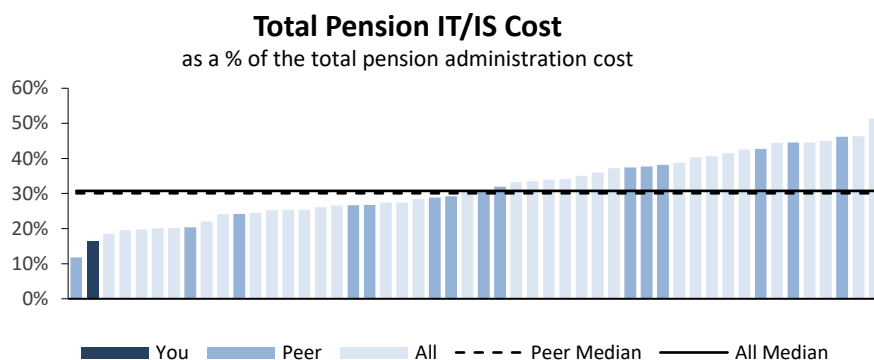
- Total IT/IS costs and trends
- Total major project costs and trends
- Indicators of CRM (Customer Relationship Management) capability
- Attributions of IT/IS and Major Projects to the other administration activities

## IT/IS costs

Your IT/IS cost was \$66.55 per active member and annuitant. This was above the peer median of \$29.90.



Your IT/IS cost as a percent of total pension administration cost was 16%. This was below the peer median of 30%.

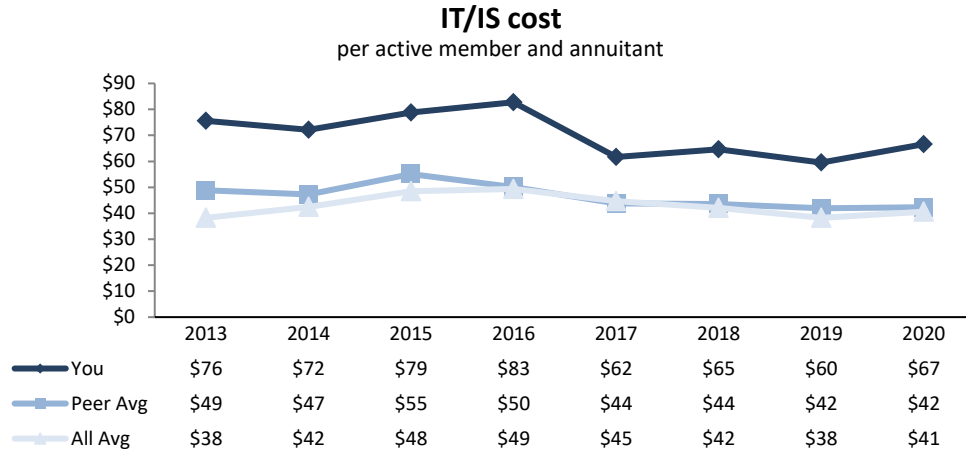


Activity	IT/IS Cost by Category						Cost as a % of Total IT/IS Cost		
	Cost in \$000s	Cost per Active Member and Annuitant					You	Peer Avg	All Avg
	You	Peer Median	Peer Avg	All Median	All Avg				
5c. Amortization of IT Major Projects	0	0.00	0.47	3.10	0.00	3.38	0%	8%	9%
5d. IT Major Projects (if you don't capitalize)	0	0.00	1.33	7.44	0.82	4.81	0%	19%	13%
6a. IT Strategy, Database Management and Applications (excl. major projects)	5,082	29.92	12.81	16.63	16.07	19.33	40%	43%	51%
6b. IT Desktop, Networks, Telecom	<u>6,221</u>	<u>36.63</u>	<u>7.92</u>	<u>9.97</u>	<u>7.92</u>	<u>8.87</u>	<u>50%</u>	<u>26%</u>	<u>24%</u>
<b>Total Pension IT/IS cost (excludes below)</b>	11,303	66.55	29.90	37.13	30.66	36.39	90%	96%	97%
IT/IS Attributions to: <sup>1</sup>									
1f. Healthcare Administration	1,250	7.36	0.00	0.88	0.00	0.72	10%	2%	2%
1g. Optional and Third Party Administered Benefits	0	0.00	0.00	0.56	0.00	0.51	0%	1%	1%
<b>Total Administration IT/IS cost</b>	12,554	73.90	30.36	38.57	31.41	37.62	100%	100%	100%

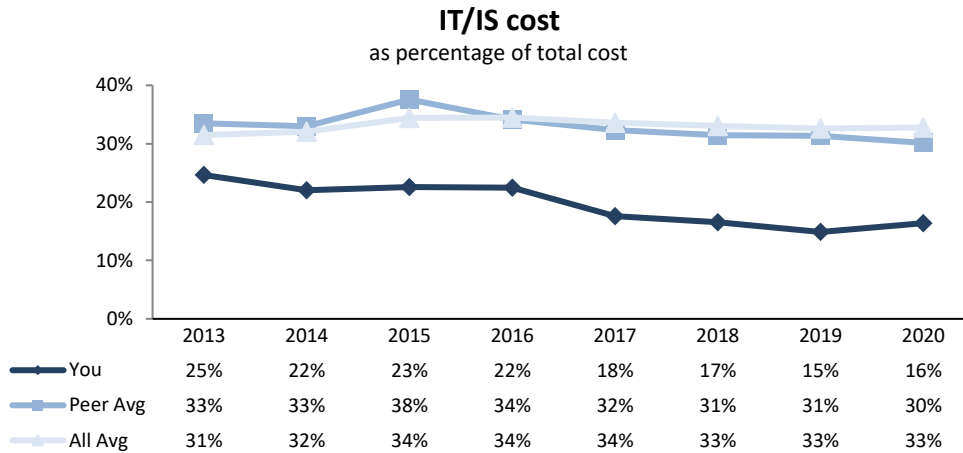
1. Attributions of total administration IT/IS to non-pension activities 1f and 1g includes: (i) pro-rata share of Major Project attribution (5a - 5d) weighted by activity 5c and 5d's contribution to total Major Project cost; (ii) total attribution of activity 6a to 1f and 1g; (iii) pro-rata share of optional attribution (6b, 7a - 7f) to activities 1f and 1g weighted by activity 6b's contribution to total attribution. See section 4 - 'Activity Costs' for details.

## IT/IS cost trend

IT/IS cost per member of your peers that have participated for 8 consecutive years has grown at a compound annual rate of -2.0% between 2013 and 2020. The all participant average is 0.8%. Your growth rate over the same period is -1.8% per annum.



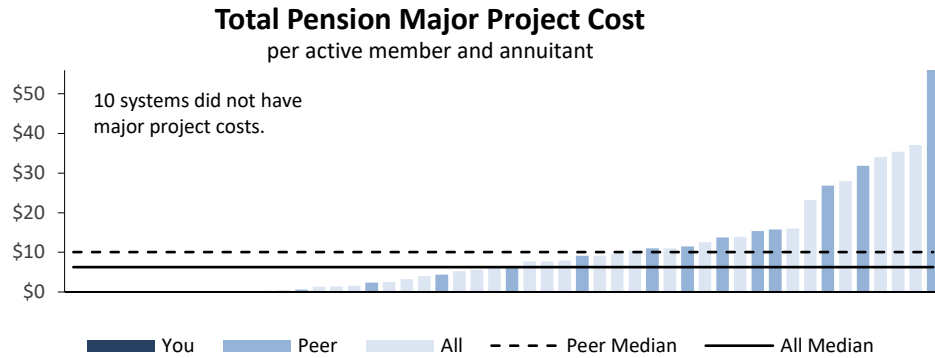
IT/IS cost as a percentage of total cost of your peers that have participated for 8 consecutive years has grown at a compound annual rate of -1.5% between 2013 and 2020. The all participant average is 0.6%. Your growth rate over the same period is -5.7% per annum.



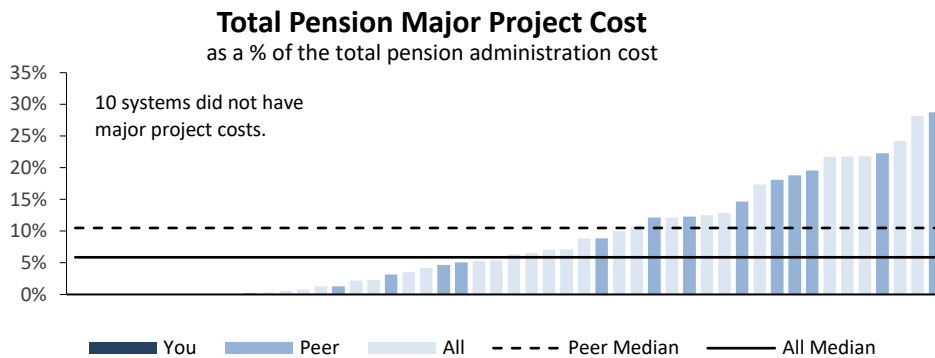
Trend analysis is based on systems that have provided 8 consecutive years of data.

## Major project costs

Your major project cost was \$0.00 per active member and annuitant. This was below the peer median of \$10.06.



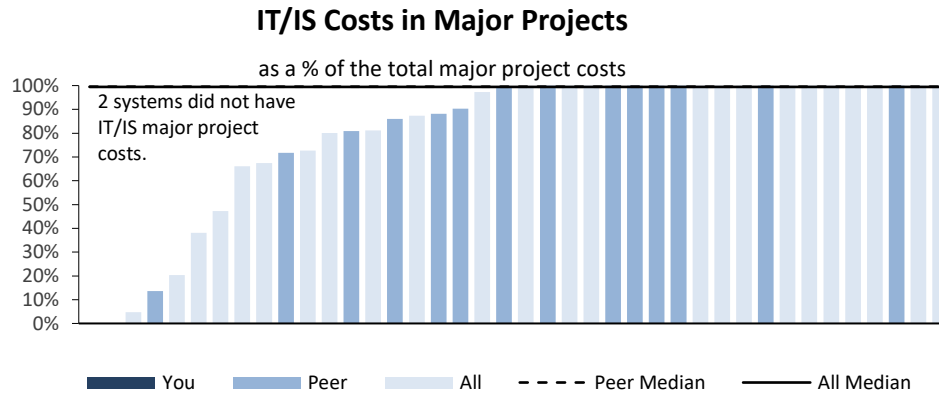
Your major project cost as a percent of total cost was 0%. This was below the peer median of 10%.



Activity	Major Project Cost by Category								
	You	Cost per Active Member and Annuitant					Cost as a % of Total Major Project Cost		
		Cost in \$000s	Peer Median	Peer Avg	All Median	All Avg	You	Peer Avg	All Avg
5a. Amortization of non-IT Major Projects	0	0.00	0.00	0.08	0.00	0.18	n/a	1%	2%
5b. Non-IT Major Projects (if you don't capitalize)	0	0.00	0.00	3.06	0.00	1.92	n/a	22%	18%
5c. Amortization of IT Major Projects	0	0.00	0.47	3.10	0.00	3.38	n/a	22%	32%
5d. IT Major Projects (if you don't capitalize)	0	0.00	1.33	7.44	0.82	4.81	n/a	53%	46%
<b>Total Pension Major Project cost (excludes below)</b>	0	0.00	10.06	13.68	6.27	10.28	0%	97%	97%
Major Project Attributions to:									
1f. Healthcare Administration	0	0.00	0.00	0.13	0.00	0.10	n/a	1%	1%
1g. Optional and Third Party Administered Benefits	0	0.00	0.00	0.34	0.00	0.18	n/a	2%	2%
<b>Total Administration Major Project cost</b>	0	0.00	10.33	14.15	6.93	10.56	0%	100%	100%

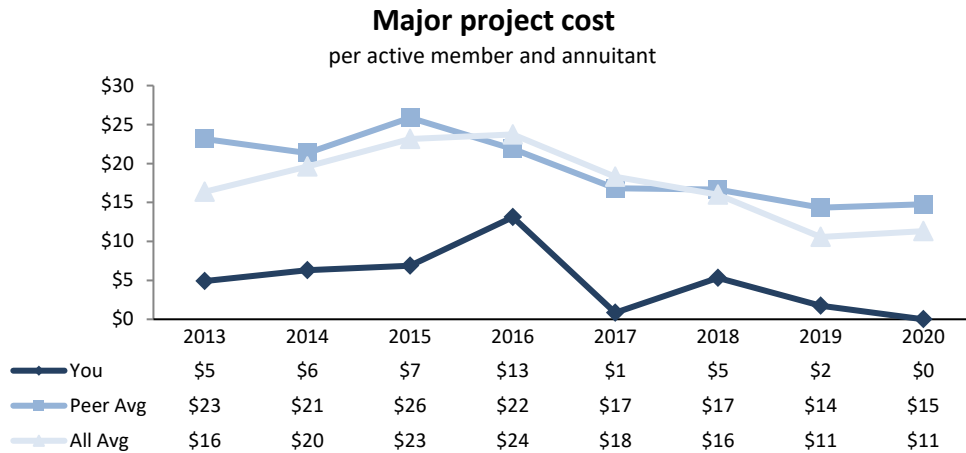
## IT/IS cost included in major project costs

Your total major project costs were 0. The peer median for IT/IS major project costs as a percent of total major project costs was 100%.

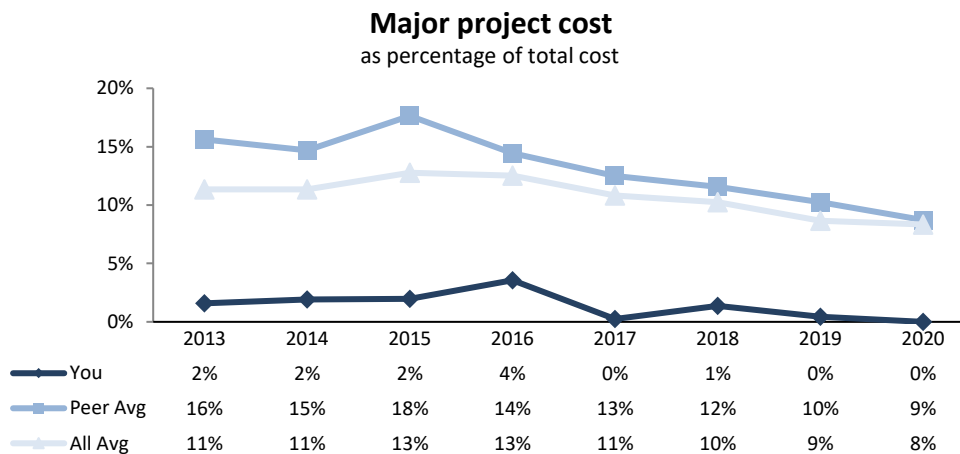


## Major project cost trend

Major project cost per member for your peers that have participated for 8 consecutive years has grown at a compound annual rate of -6.2% between 2013 and 2020. The all participant average is -5.2%. Your growth rate over the same period is -100.0% per annum.



Major project cost as a percentage of total cost of your peers that have participated for 8 consecutive years has grown at a compound annual rate of -8.0% between 2013 and 2020. The all participant average is -4.3%. Your growth rate over the same period is -100.0% per annum.



Trend analysis is based on systems that have provided 8 consecutive years of data.

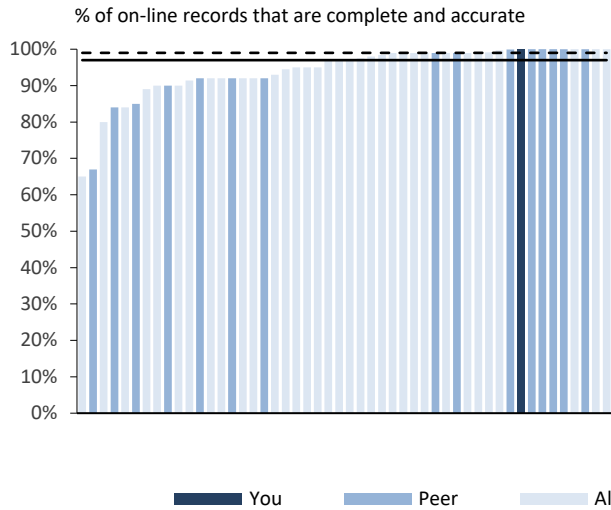
## IT and major project attributions by activity

Activity	6a. IT Strategy, Database Management and Applications (excl. major projects)						Total Major Projects (5a. through 5d.)					
	\$\$s per Active Member and Annuitant			As a % of total			\$\$s per Active Member and Annuitant			As a % of total		
	You	Peer Avg	All Avg	You	Peer Avg	All Avg	You	Peer Avg	All Avg	You	Peer Avg	All Avg
1. Member Transactions												
a. Pension Payments	2.01	1.02	1.23	7%	6%	6%	0.00	1.16	0.71	n/a	6%	6%
b. Pension Inceptions	2.01	1.62	1.94	7%	10%	10%	0.00	1.25	0.98	n/a	11%	10%
c. Refunds, Withdrawals, and Transfers-out	2.01	0.72	1.23	7%	5%	6%	0.00	0.64	0.66	n/a	5%	6%
d. Purchases and Transfers-in	0.98	0.85	1.33	3%	4%	5%	0.00	1.45	0.88	n/a	5%	6%
e. Disability	<u>5.81</u>	<u>0.87</u>	<u>0.54</u>	<u>19%</u>	<u>4%</u>	<u>3%</u>	<u>0.00</u>	<u>0.43</u>	<u>0.22</u>	<u>n/a</u>	<u>4%</u>	<u>2%</u>
	12.81	5.08	6.27	42%	30%	30%	0.00	4.93	3.46	0%	30%	30%
2. Member Communication												
a. Call Center	5.26	2.68	3.03	17%	17%	17%	0.00	1.74	1.54	n/a	17%	17%
b. Mail Room, Imaging	2.35	0.84	0.93	8%	5%	5%	0.00	0.78	0.49	n/a	5%	5%
c. 1-on-1 Counseling	1.07	0.97	0.88	4%	6%	5%	0.00	0.66	0.40	n/a	5%	5%
d. Member Presentations	1.07	0.67	0.49	4%	4%	3%	0.00	0.44	0.25	n/a	4%	3%
e. Written Pension Estimates	0.98	0.59	0.68	3%	4%	4%	0.00	0.35	0.40	n/a	3%	4%
f. Mass Communication	<u>1.47</u>	<u>0.71</u>	<u>0.94</u>	<u>5%</u>	<u>4%</u>	<u>5%</u>	<u>0.00</u>	<u>0.52</u>	<u>0.46</u>	<u>n/a</u>	<u>4%</u>	<u>4%</u>
	12.19	6.47	6.95	40%	40%	38%	0.00	4.49	3.54	0%	39%	37%
3. Collections and Data Maintenance												
a. Data and Money from Employers	0.90	1.43	1.91	3%	8%	10%	0.00	1.27	0.95	n/a	9%	10%
b. Service to Employers	0.00	0.90	0.93	0%	5%	5%	0.00	0.60	0.50	n/a	5%	5%
c. Data Not from Employers	<u>0.90</u>	<u>0.38</u>	<u>0.69</u>	<u>3%</u>	<u>3%</u>	<u>3%</u>	<u>0.00</u>	<u>0.34</u>	<u>0.33</u>	<u>n/a</u>	<u>3%</u>	<u>3%</u>
	1.80	2.70	3.53	6%	16%	18%	0.00	2.21	1.79	0%	17%	19%
4. Governance and Financial Control												
a. Financial Administration and Control	2.72	1.52	1.53	9%	9%	8%	0.00	1.17	0.81	n/a	9%	8%
b. Board, Strategy, Policy	0.37	0.58	0.81	1%	3%	4%	0.00	0.61	0.54	n/a	3%	4%
c. Government and Public Relations	<u>0.37</u>	<u>0.36</u>	<u>0.31</u>	<u>1%</u>	<u>2%</u>	<u>2%</u>	<u>0.00</u>	<u>0.33</u>	<u>0.18</u>	<u>n/a</u>	<u>2%</u>	<u>2%</u>
	3.46	2.46	2.66	11%	14%	14%	0.00	2.11	1.53	0%	14%	14%
Total Pension Administration	30.26	16.71	19.40	100%	100%	100%	n/a	13.73	10.32	n/a	100%	100%

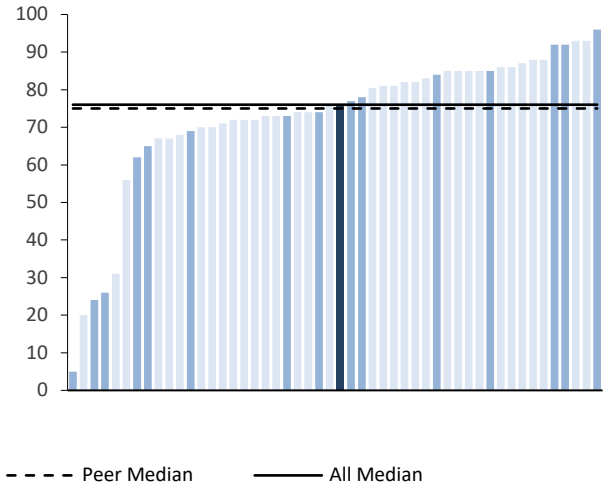


# Key measures of CRM/IT capability

## On-Line Records

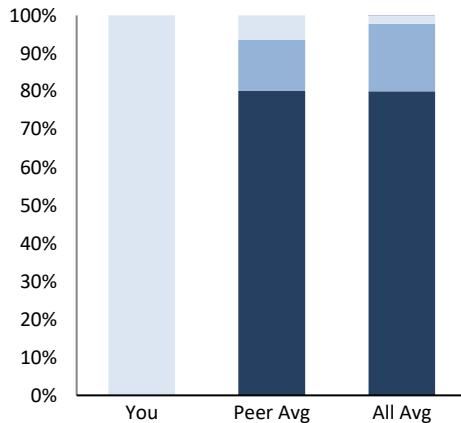


## Member Website Capability Score



## Active Member Data

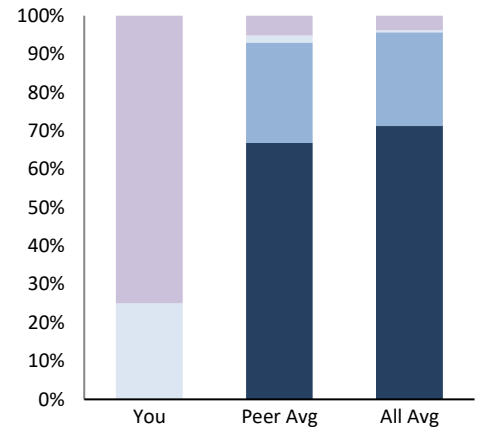
% by data format



- Paper
- Computer-readable
- Mostly electronic
- 100% electronic

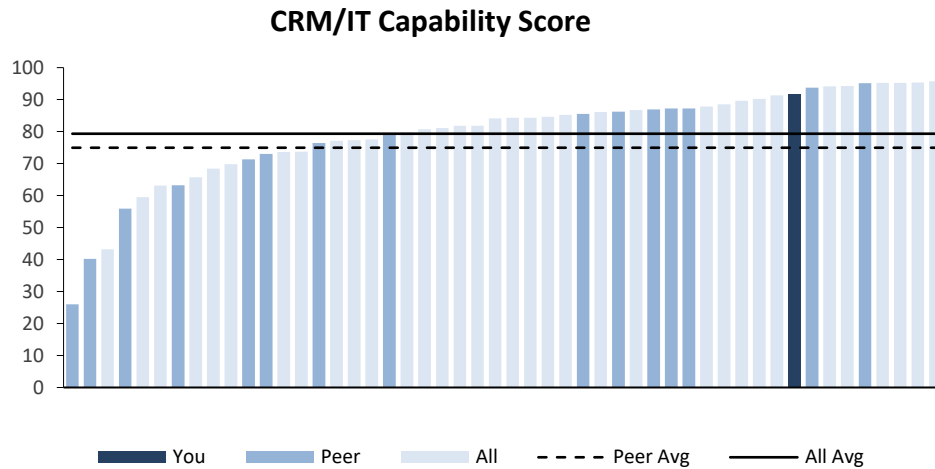
## Collection Points

% by data format



- Paper
- Computer-readable
- Mostly electronic
- 100% electronic

Your CRM/IT Capability score was 92 out of 100. This was above the peer average of 75.



### Calculation of your CRM/IT capability score

Weight	Relevant Questions and Scoring	You	Peer Avg	All Avg
	<u>CRM/ Call Capability</u>			
	Q42 When a member calls in, do you have immediate computer access to the following member data:			
	a) Copies of recent correspondence online?	Yes	81% Yes	94% Yes
	b) Knowledge based on-line help system available for use by the service representative?	Yes	75% Yes	86% Yes
	Q121 Do you have a workflow system that provides service agents with real time information about each member's:			
	b) Interactions via calls and email?	Yes	69% Yes	71% Yes
15%	Score: 100 if all available, otherwise 33.3 for each yes	100	75	83
	Q42 When a member calls in, do you have immediate computer access to the following member data:			
	c) Most recent member statement?	Yes	94% Yes	98% Yes
	d) Beneficiary information?	Yes	94% Yes	98% Yes
4%	Score: 100 if all available, otherwise 50 for each yes	100	94	98

## CRM/IT capability score

page 2 of 3

Weight	Relevant Questions and Scoring	You	Peer Avg	All Avg
	Q43 Do you provide the following information on an immediate real-time basis to members over the phone? [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.] a) Estimates of the member's pension at retirement?	Yes	50% Yes	64% Yes
	a1) Can you easily model and provide alternate annuity payment scenarios? [i.e., joint and 50% survivor, joint and 70%	Yes	57% Yes	67% Yes
	a2) Is the estimate based on an interactive benefit calculator linked to the member's actual account data?	Yes	57% Yes	70% Yes
10%	<i>Score: 20 if yes to a1, 80 if yes to a2, otherwise 0</i>	100	50	64
	Q43 b) Refund or transfer value assuming the member exited	Yes	88% Yes	84% Yes
	c) Pensionable salary?	Yes	88% Yes	92% Yes
	d) Service credit history including gaps?	Yes	75% Yes	88% Yes
6%	<i>Score: 100 if all available, otherwise 33.3 for each yes</i>	100	83	88
	Q46 Do you have and use tools to help you project call volumes?	Yes	88% Yes	86% Yes
5%	<i>Score: 100 if yes, otherwise 0</i>	100	88	86
	Q33 c) Incoming calls satisfied by self-serve options, if any?	Yes	56% Yes	44% Yes
5%	<i>Score: 100 if yes, otherwise 0</i>	100	56	44
	<u>Document Imaging</u>			
	Q51 Do you use imaging technology?	Yes	100% Yes	100% Yes
	a) Do you keep images of ALL incoming member correspondence and submitted forms?	Yes	94% Yes	98% Yes
	c) Have all historical documents also been imaged?	Yes	94% Yes	80% Yes
5%	<i>Score: 60 if you use imaging, 20 if you keep images of all incoming correspondence and forms, 20 if all historical</i>	100	98	96
	<u>Data Collection</u>			
	Q94 What is the breakdown of 'collection points' providing you with payroll data between the following formats and what is the total number of active members covered by each format?			
	a) 100% electronic	0%	80%	80%
	b) Mostly electronic	0%	13%	18%
	c) Computer-readable	100%	6%	2%
	d) Paper	0%	0%	0%
5%	<i>Score: 100 X % of data collected 100% electronically, + 90 X % of data collected mostly electronically, + 80 X % of data collected via computer readable, otherwise 0</i>	80	97	98

## CRM/IT capability score

page 3 of 3

Weight	Relevant Questions and Scoring	You	Peer Avg	All Avg
	<u>Online Data Quality</u>			
	Q96 What % of your active and inactive member on-line records are complete and accurate?	100%	94%	94%
5%	Score: 100 X % of online records that are complete and accurate	100	94	94
	<u>Diagnostic Software</u>			
	Q98 Do you have a diagnostic software system for detecting and correcting contribution errors?	Yes	81% Yes	82% Yes
5%	Score: 100 if yes, otherwise 0	100	81	82
	<u>Integration</u>			
	Q99 When you get an address change, how many systems do you need to update?	1	1	1
5%	Score: 100 if 1, otherwise 0	100	81	90
	<u>Website</u>			
30%	Member website capability score [Refer to section 7 Service Levels: Mass communication - website for details.]	76	67	73
100%	Total CRM/ IT Capability Score - Average	92	75	79
	Total CRM/ IT Capability Score- Median	92	83	84

# 10

## Appendices

### Appendix A - Survey responses

- Member status changes
- Costs and FTE by activity
- Service and plan design

### Appendix B - Foreign currency conversion

### Appendix C - Activity definitions

### Appendix D - Defaults

### Appendix E - Service model changes

## Appendix A - Survey responses: Member status changes

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5. Complete the 'non-blank' boxes in the table below. Enter all values as positive numbers. Enter 0 if not applicable.

	Changes in Member Status					
	2020			2019		
	Active Members	Inactive Members	Annuitants (Service, Disabled, Survivor)	Active Members	Inactive Members	Annuitants (Service, Disabled, Survivor)
<b>Total members</b>						
a. Members at end of fiscal year 2019	99,196	15,278	68,200	98,484	14,691	66,463
b. Members at end of fiscal year 2020	100,115	15,961	69,747	99,196	15,278	68,200
Increase/-decrease to be explained	919	683	1,547	712	587	1,737
<b>Decreases</b>						
c. Full withdrawals/refunds/commuted value payments	270	289		340	320	
d. Transfers-out to external pension systems	29	122		50	136	
e. Annuity inceptions: service retirement	2,465	370		2,487	395	
f. Annuity inceptions: disability retirement	167	8		177	2	
g. Active members leaving to inactive status	1,502			1,563		
h. Re-hired inactives and annuitants (if annuity stops)		144	16		133	19
i. Deaths	98	7	2,564	81	8	2,465
j. Non-death stops of pensions (i.e., dependent no longer eligible)			165			140
k. Other decreases.	268	0	0	393	0	0
<b>Increases</b>						
l. New active members	5,440			5,413		
m. Annuity inceptions: survivor, partner, ex-partner,			759			771
n. Annuity inceptions: service retirement			2,835			2,882
o. Annuity inceptions: disability retirement			175			179
p. Active members leaving to inactive status		1,502			1,563	
q. Re-hired inactives and annuitants (if annuity stops)	160			152		
r. Other increases.	0	0	0	0	0	0
Explained increases/-decreases	801	562	1,024	474	569	1,208
Unexplained increases/-decreases	118	121	523	238	18	529

## Appendix A - Survey responses: Cost by activity

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	Your Response		
	2020	2019	
6. Complete the table below:			
a. Total administrative expenses per your financial statements (CAFR in the U.S.)	92,463.0	88,075.1	(\$000s)
Less (if included in administrative expenses):			
b. Investment administration costs	13,198.9	11,804.8	(\$000s)
Plus, if not included in administrative expenses:			
c. Amortization and depreciation of administrative assets	0.0	0.0	(\$000s)
d. Actuarial fees and costs	0.0	0.0	(\$000s)
e. Other costs and professional fees relating to pension administration	0.0	0.0	(\$000s)
f. Total benefit administration costs	79,264.0	76,270.3	(\$000s)

## Appendix A - Survey responses: Cost and FTE by activity - 2020

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7. Complete the table below. Instructions and definitions are provided on the pages below the table.

Activity	Direct full time equivalents (# FTE)	Direct Costs		
		Salaries and Benefits (\$000s)	Third Party and Other Direct (\$000s)	Total (\$000s)
<b>1. Member Transactions</b>				
a. Pension Payments	16.3	2,080.4	43.9	2,124.3
b. Pension Inceptions	16.3	2,080.4	43.9	2,124.3
c. Refunds, Withdrawals, and Transfers-out	16.3	2,080.4	43.9	2,124.3
d. Purchases and Transfers-in	7.9	958.2	21.4	979.6
e. Disability	47.0	7,911.5	2,458.4	10,369.9
f. Healthcare Administration	24.0	2,946.4	3,403.4	6,349.8
g. Optional and Third Party Administered Benefits	0.0	0.0	0.0	0.0
<b>2. Member Communication</b>				
a. Call Center	42.6	4,216.3	106.0	4,322.3
b. Mail Room, Imaging	19.0	1,864.5	2,228.8	4,093.3
c. 1-on-1 Counseling	8.6	1,149.4	21.4	1,170.8
d. Member Presentations	8.6	1,149.4	21.4	1,170.8
e. Written Pension Estimates	7.9	958.2	21.4	979.6
f. Mass Communication	11.9	1,648.4	922.3	2,570.7
<b>3. Collections and Data Maintenance</b>				
a. Data and Money from Employers	7.3	859.8	8.3	868.1
b. Service to Employers	0.0	0.0	0.0	0.0
c. Data Not from Employers	7.3	859.8	8.3	868.1
<b>4. Governance and Financial Control</b>				
a. Financial Administration and Control	22.0	2,771.4	401.4	3,172.8
b. Board, Strategy, Policy	3.0	830.3	165.2	995.5
c. Government and Public Relations	3.0	830.3	165.2	995.5
<b>5. Major Projects</b>				
a. Amortization of non-IT Major Projects	n/a	n/a	0.0	0.0
b. Non-IT Major Projects (if you don't capitalize)	0.0	0.0	0.0	0.0
c. Amortization of IT Major Projects	n/a	n/a	0.0	0.0
d. IT Major Projects (if you don't capitalize)	0.0	0.0	0.0	0.0
<b>6. Information Technology</b>				
a. IT Strategy, Database Management and Applications (excl. major projects)	18.0	3,229.7	2,414.5	5,644.2
b. IT Desktop, Networks, Telecom	22.0	3,971.9	2,937.5	6,909.4
<b>7. Support Services and Other</b>				
a. Building and Utilities	1.0	128.6	4,740.9	4,869.5
b. Human Resources	13.0	2,121.0	1,217.4	3,338.4
c. Actuarial	0.0	0.0	0.0	0.0
d. Legal and Rule Interpretation	21.0	5,119.2	1,851.5	6,970.7
e. Internal and External Audit	27.0	4,669.6	389.5	5,059.1
f. Pay-as-you-go Benefits for Retired Staff	n/a	0.0	n/a	0.0
g. Other Support Services	5.0	506.8	686.2	1,193.0
<b>Total Administration (includes 1f, 1g)</b>	<b>376.0</b>	<b>54,941.7</b>	<b>24,322.4</b>	<b>79,264.0</b>
FTE relating to major projects capitalized, if any, during this fiscal year.	0.0			
<b>Total Administration FTE</b>	<b>376.0</b>			



## Appendix A - Survey responses: Cost and FTE by activity - 2020

continued

Describe and provide the cost of:

Each of your major projects in 5b. 'Non-IT Major Projects' (if you don't capitalize)	(\$000s)
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a

Each of your major projects in 5d. 'IT Major Projects (if you don't capitalize)	(\$000s)
Cloud Migration	n/a
Member Authentication Review	n/a
Telephone System Updates	n/a
MSC Queue Project	n/a
AWS (Remote Call Center Application) Software	n/a
Virtual Member Appointment (Go to Meetings) Software	n/a
LACERA Board AV wireless mic replacement and Streaming and Content Delivery	n/a
Remote Access Hardware and Applications	n/a
n/a	n/a

## Appendix A - Survey responses: Cost and FTE by activity - 2019

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7. Complete the table below. Instructions and definitions are provided on the pages below the table.

Activity	Direct full time equivalents (# FTE)	Direct Costs		
		Salaries and Benefits (\$000s)	Third Party and Other Direct (\$000s)	Total (\$000s)
<b>1. Member Transactions</b>				
a. Pension Payments	19.5	2,412.5	46.8	2,459.3
b. Pension Inceptions	7.2	901.9	17.4	919.3
c. Refunds, Withdrawals, and Transfers-out	16.7	2,048.0	40.1	2,088.1
d. Purchases and Transfers-in	10.3	1,254.4	24.8	1,279.2
e. Disability	46.0	7,301.3	2,163.8	9,465.1
f. Healthcare Administration	21.0	2,615.0	3,219.1	5,834.1
g. Optional and Third Party Administered Benefits	0.0	0.0	0.0	0.0
<b>2. Member Communication</b>				
a. Call Center	38.6	3,656.3	115.2	3,771.5
b. Mail Room, Imaging	20.4	1,897.7	2,223.4	4,121.1
c. 1-on-1 Counseling	9.6	1,206.8	28.8	1,235.6
d. Member Presentations	9.6	1,206.8	28.8	1,235.6
e. Written Pension Estimates	4.8	616.0	11.6	627.6
f. Mass Communication	12.0	1,626.1	856.2	2,482.3
<b>3. Collections and Data Maintenance</b>				
a. Data and Money from Employers	8.6	1,019.3	6.4	1,025.7
b. Service to Employers	0.0	0.0	0.0	0.0
c. Data Not from Employers	8.6	1,004.6	6.4	1,011.0
<b>4. Governance and Financial Control</b>				
a. Financial Administration and Control	28.0	3,420.4	543.8	3,964.2
b. Board, Strategy, Policy	2.5	471.6	483.6	955.2
c. Government and Public Relations	2.5	471.6	483.6	955.2
<b>5. Major Projects</b>				
a. Amortization of non-IT Major Projects	n/a	n/a	0.0	0.0
b. Non-IT Major Projects (if you don't capitalize)	0.0	0.0	258.7	258.7
c. Amortization of IT Major Projects	n/a	n/a	0.0	0.0
d. IT Major Projects (if you don't capitalize)	0.0	0.0	59.2	59.2
<b>6. Information Technology</b>				
a. IT Strategy, Database Management and Applications (excl. major projects)	18.0	3,013.6	2,163.6	5,177.2
b. IT Desktop, Networks, Telecom	20.0	3,331.1	2,382.8	5,713.9
<b>7. Support Services and Other</b>				
a. Building and Utilities	1.0	125.0	5,511.5	5,636.5
b. Human Resources	13.0	2,066.6	1,200.1	3,266.7
c. Actuarial	0.0	0.0	0.0	0.0
d. Legal and Rule Interpretation	20.0	4,757.8	1,767.8	6,525.6
e. Internal and External Audit	28.0	4,615.5	469.6	5,085.1
f. Pay-as-you-go Benefits for Retired Staff	n/a	0.0	n/a	0.0
g. Other Support Services	5.0	474.2	643.2	1,117.4
<b>Total Administration (includes 1f, 1g)</b>	<b>370.9</b>	<b>51,514.1</b>	<b>24,756.3</b>	<b>76,270.4</b>
FTE relating to major projects capitalized, if any, during this fiscal year.	0.0			
<b>Total Administration FTE</b>	<b>370.9</b>			

# Appendix A - Survey responses: Service and plan design

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Survey Question	Your Response			Peers 2020				All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
<b>Start</b>													
1 Los Angeles County Employees Retirement Association													
2 Main survey contact: Indee Brooke Senior Secretary, Quality Assurance & Metrics ibrooke@lacera.com 6266854678													
3 What is the month of your fiscal year-end? [All questions in this survey are for your most recently completed fiscal year.]	June	June	June										
4 What was the end of fiscal year value of your pension fund assets (in billions)?	\$58.5	\$58.3	\$56.3										
8 What percentage of your total salary and benefits costs relates to benefits?	52.8%	52.0%	52.6%	52.8%	29.9%	21.1%	30.7%	16	52.8%	26.7%	15.8%	28.3%	48
<b>Service</b>													
<b>Activity 1a - Pension Payments</b>													
10 Do you administer annuity pensions? If no, skip to question 20	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	100% Yes / 0% No / 0% n/a				50
11 Were any of your pension payrolls late vis-à-vis your normal payment cycle? [For example, a payroll might be late because of IT system problems, etc.] If yes: a) How many payrolls were late? b) On average, how many days late were they?	No	No	No	0% Yes / 100% No / 0% n/a				16	0% Yes / 100% No / 0% n/a				50
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
12 What percentage of pensioners are paid by check [as opposed to Electronic Funds Transfer ("EFT")]?	3.0%	4.0%	4.0%	7.8%	2.8%	0.2%	2.8%	16	15.0%	1.0%	0.0%	2.1%	48
13 Do you send out payment advices (i.e., gross/ net specifications) in paper format to members receiving EFT payments? If yes: a) How frequently do you send payment advices with your EFT payments detailing the gross payment and deductions?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	88% Yes / 12% No / 0% n/a				50
	Every Payment	Every Payment	Every Payment	12	6	1	6	14	12	6	1	6	44

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b) Can you comply with a member's request not to send them payment advices?	No	No	No	31% Yes / 56% No / 13% n/a				14	34% Yes / 54% No / 12% n/a				44
<b>Activity 1b - Pension Inceptions</b>													
14 How many changes in gross amount of annuity pensions paid occurred as a result of changes in an individual annuitant's personal circumstances? For example: • When the spouse of an annuitant dies "last survivor" options result in decreases, and "pop-up" or "reversion" options result in increases. [Exclude annuitant deaths that result in new pensions paid to spouses.] • When an annuitant or their beneficiary becomes eligible for social security, it often results in a reduction of the gross pension paid. • Redesign of the payment option, appeal decisions, high low options shifting to low, etc.	20	24	11	108,758	355	0	8,097	16	108,758	601	0	6,218	50
15 How many formal appeals (non-disability) of pension inceptions did you have?	1	0	6	238	5	0	37	16	238	1	0	16	50
16 What percentage of annuity inceptions for: a) Retiring active members are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension check? b) Survivors are paid without an interruption of cash flow between the pensioner's final pension check and the survivor's first pension check?	100.0%	100.0%	95.0%	100.0%	96.9%	5.8%	85.7%	16	100.0%	97.0%	5.8%	90.5%	50
	100.0%	100.0%	100.0%	100.0%	82.1%	0.0%	61.9%	16	100.0%	88.5%	0.0%	69.9%	50
17 Will you initiate a service retirement pension based on existing data or estimates, recognizing that you will have to finalize the payments later after you get final data? a) If yes, what proportion of your service retirement inceptions to retiring active members was based on existing data or estimates? b) On average, how long did it take to finalize service retirement inceptions based on estimates? (in months)	No	No	No	63% Yes / 38% No / 0% n/a				16	74% Yes / 26% No / 0% n/a				50
	n/a	n/a	n/a	100.0%	97.9%	0.0%	70.3%	10	100.0%	66.6%	0.0%	52.6%	37
	n/a	n/a	n/a	12.0	1.0	0.0	2.7	10	18.0	1.4	0.0	3.1	36
18 Do you require birth certificates and/or marriage certificates before incepting a pension?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	68% Yes / 28% No / 4% n/a				48
19 Do you require notarization of normal or early retirement applications?	No	No	No	44% Yes / 50% No / 6% Some / 0% n/a				16	26% Yes / 58% No / 16% Some / 0% n/a				50

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
If some, describe those that require versus those that do not: n/a <b>Activity 1c - Refunds, Transfers-out, Withdrawals</b>														
20 How many written estimates for refunds/ terminations/ transfer-outs did you prepare in response to member requests? [Include all estimates whether they result in a refund or not.]	818	838	668	17,219	7,291	0	6,575	15	40,132	4,631	0	7,588	44	
21 How long does it take on average for you to issue a refund check, including any required wait period, beginning from the time of the initial request by the member (in days)?	30	30	30	133	21	2	34	16	133	26	2	32	48	
a) Are you legislated to have a wait period before you can effect a refund? If yes:	No	No	No	38% Yes / 63% No / 0% n/a				16	38% Yes / 58% No / 4% n/a				48	
b) How long is the wait period? (in days)	n/a	n/a	n/a	120	38	30	58	6	120	45	10	54	19	
c) Can the wait period be waived?	n/a	n/a	n/a	13% Yes / 25% No / 63% n/a				6	10% Yes / 28% No / 62% n/a				19	
22 How long does it take on average for you to complete an individual transfer-out to an external system, including delays caused by external parties, beginning from the time of initial request by the member (in business days)?	30	30	30	180	15	2	40	15	372	30	1	58	42	
23 Do you require notarization of refund or transfer-out applications? (yes, some, no)	Some	Some	Some	25% Yes / 38% No / 37% Some				16	22% Yes / 48% No / 30% Some				50	
a) If some, describe those that require versus those that do not: LACERA requires notarization of refund applications, or the application can be witnessed by a LACERA Member Service Center Staff.  <b>Activity 1d - Purchases and Transfers-in</b>														
24 Number of actual:														
a) Service credit purchases such as for prior refunded service, military service, etc.?	1,576	1,953	2,754	119,248	1,363	29	9,298	16	119,248	1,320	8	6,157	48	
b) Upgrades or 'Top-ups' where members can improve their pensionable salary (but not service credit)?	n/a	n/a	0	5	0	0	0	15	201	0	0	6	43	
c) Upgrades where members can pay to upgrade from an older retirement formula to a new retirement formula?	201	167	238	2,301	0	0	268	14	2,301	0	0	103	43	
d) Individual transfers-in from external defined benefit systems? [For example, many systems have reciprocal agreements with 'sister' systems that permit members to transfer-in credit from the external System when they join their System and vice versa? Do not include collective transfers-in.]	410	120	141	968	0	0	101	16	38,800	9	0	1,045	47	

Survey Question	Your Response				Peers 2020					All Participants 2020			
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
25 How many written purchase, upgrade, or transfer-in estimates did you prepare in response to member requests? [Include all estimates whether these result in a purchase or not.]	2,674	2,007	1,706	21,220	3,757	104	5,132	16	120,127	3,020	0	8,179	50
26 On average, how many business days does it take from the date of first request to provide a written service credit purchase cost?	90	90	90	90	8	3	17	16	520	7	1	37	47
27 How long does it take on average for you to complete an individual transfer-in, including delays caused by external parties (in months)?	3	3	3	6	1	1	2	12	13	2	0	3	35
<b>Activity 1e - Disability</b>													
28 Do you administer:													
a) Long-term disability/ disability pensions?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	84% Yes / 12% No / 4% n/a				48
b) Short-term disability?	No	No	No	13% Yes / 88% No / 0% n/a				16	8% Yes / 88% No / 4% n/a				48
If you do not administer either short-term or long-term disability, or disability pensions skip to question 33.													
29 Number of:													
a) Applications for disability pensions/ long-term disability?	650	631	659	2,571	195	15	417	16	4,993	186	0	474	48
b) Members receiving long-term disability or a disability pension?	10,105	9,891	9,707	55,409	3,309	253	7,410	16	55,409	3,439	34	6,664	43
c) Applications for short-term disability (if you administer)?	n/a	n/a	n/a	2,422	0	0	187	14	2,422	0	0	102	39
d) Members receiving short-term disability (if you administer)?	n/a	n/a	n/a	2,457	1,428	398	1,428	2	2,457	398	0	904	5
e) Independent medical examinations for disability application assessment or reassessment paid for by you, if any?	681	585	583	758	20	0	113	16	1,188	11	0	123	48
f) New members that you reviewed the health status of? [For example, ESSS conducts Medical Classification Reviews on their new members. A Medical classification may reduce a member's entitlement to disability and/or death benefits.]	n/a	n/a	n/a	1,091	0	0	124	14	1,091	0	0	48	42
g) Formal appeals of disability decisions?	41	23	25	127	9	0	20	16	268	1	0	21	49
h) Recertifications of disabled members? [For example, Arizona SRS requires an annual opinion from a physician to continue on disability.]	n/a	n/a	n/a	3,625	178	0	791	14	3,625	114	0	668	35
30 Do you cover non-occupational disability? [Some systems only cover disabilities that happen at work.]	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	84% Yes / 0% No / 16% n/a				42
a) If yes, does either the amount paid or the taxation of the disability benefit vary depending on whether the disability is occupational versus non-occupational?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	44% Yes / 40% No / 16% n/a				42
b) If yes to 'a' immediately above: Number of occupational disability applications?	621	594	627	1,786	64	1	231	13	1,786	56	1	214	22

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
31 How many months, on average, does it take to return a decision on a disability application from: a) date of initial request from a member? b) date of receipt of all necessary documentation to complete an application?	12.0	12.0	12.0	12.0	3.0	1.0	3.2	16	15.0	2.5	0.0	3.0	42
32 Do you require notarization of disability applications? a) If some, describe those that require versus those that do not: n/a  <b>Activity 2a - Call Center</b>  Volumes	No	No	No	25% Yes / 63% No / 12% Some / 0% n/a				16	20% Yes / 58% No / 6% Some / 16% n/a				42
33 What were your volumes of: a) Incoming calls that reach and are responded to by a knowledgeable service representative (i.e., exclude messages, etc.)?  b) Outgoing calls from service representatives responding to messages (voice mail, receptionist, etc.) or following-up on previous calls?  c) Incoming calls satisfied by self-serve options, if any? d) Email queries from members?  Before Reaching a Service Rep	109,482	120,279	116,842	692,280	139,716	48,404	169,781	16	692,280	150,619	14,009	179,320	50
	5,160	3,525	4,312	22,227	8,195	0	10,478	16	30,643	7,565	0	9,969	50
	Unknown	Unknown	Unknown	488,983	1,718	0	48,688	16	894,496	0	0	43,235	45
	15,425	7,017	6,491	78,330	13,224	4,120	20,232	15	86,330	15,425	2,100	23,761	49
34 In the table below, indicate whether or not each described outcome can occur when a member calls into your system seeking a knowledgeable person during business hours, and if yes, indicate the volume of occurrences.  a) Busy signal, never enters the system? b) Caller gets pre-recorded 'call another time' message during business hours? c) Voice mail takes a message during business hours? d) Abandoned calls in a menu (i.e., caller hangs-up before reaching the end of a self-serve menu branch that can answer his/her question or before reaching a queue)? e) Abandoned calls in a queue or on hold (i.e., caller hangs-up)? f) System hangs up on caller after he/she has waited in the queue longer than a pre-set time or if the queue becomes full? g) System sends the caller back to the main menu after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	Yes	Yes	Yes	44% Yes / 56% No / 0% n/a				16	20% Yes / 80% No / 0% n/a				50
	No	No	No	31% Yes / 69% No / 0% n/a				16	34% Yes / 66% No / 0% n/a				50
	No	No	No	25% Yes / 75% No / 0% n/a				16	32% Yes / 68% No / 0% n/a				50
	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	66% Yes / 34% No / 0% n/a				50
	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	98% Yes / 2% No / 0% n/a				50
	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50
	No	No	No	0% Yes / 100% No / 0% n/a				16	0% Yes / 100% No / 0% n/a				50

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
h) Busy signal after navigating an automated attendant menu, or after being transferred by a receptionist?	No	No	No	6% Yes / 94% No / 0% n/a				16	4% Yes / 96% No / 0% n/a				50
i) Call rings unanswered during business hours?	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50
If yes: volume													
a) # Busy signal, never enters the system?	Unknown	Unknown	Unknown	2,111	972	0	880	7	6,494	1,048	0	1,449	10
b) # Caller gets pre-recorded 'call another time' message during business hours?	n/a	n/a	n/a	38,810	3,343	0	9,956	5	137,752	3,343	0	20,570	17
c) # Voice mail takes a message during business hours?	n/a	n/a	n/a	1,410	783	36	753	4	6,385	840	36	1,772	16
d) # Abandoned calls (i.e., caller hangs-up while in a menu)?	Unknown	Unknown	Unknown	149,661	1,655	350	16,689	11	149,661	4,308	350	13,631	33
e) # Abandoned calls (i.e., caller hangs-up while in a queue or on hold)?	Unknown	17,103	24,002	180,846	8,874	788	22,817	16	180,846	7,724	86	20,477	49
f) # System hangs up on caller (or sends the caller back to the main menu) after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	4	4	4	4	1
g) # System sends the caller back to the main menu after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
h) # Busy signal after navigating an automated attendant menu, or after being transferred by a receptionist?	n/a	n/a	n/a	11,234	11,234	11,234	11,234	1	723,221	367,228	11,234	367,228	2
i) # Call rings unanswered during business hours?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	236	236	236	236	1
If volume is unknown, estimate the % of total calls that this outcome represents													
a) % Busy signal, never enters the system?	Unknown	Unknown	Unknown	1.0%	1.0%	1.0%	1.0%	2	1.0%	1.0%	1.0%	1.0%	3
b) % Caller gets pre-recorded 'call another time' message during business hours?	n/a	n/a	n/a	3.0%	2.0%	0.0%	1.7%	3	3.0%	2.0%	0.0%	1.7%	6
c) % Voice mail takes a message during business hours?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	3.0%	2.0%	1.0%	2.0%	2
d) % Abandoned calls (i.e., caller hangs-up while in a menu)?	0.4%	0.4%	0.4%	5.0%	2.0%	0.4%	2.4%	4	6.0%	2.0%	0.4%	2.4%	10
e) % Abandoned calls (i.e., caller hangs-up while in a queue or on hold)?	Unknown	n/a	Unknown	14.9%	2.9%	2.0%	6.6%	3	14.9%	2.4%	1.0%	5.2%	4
f) % System hangs up on caller (or sends the caller back to the main menu) after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
g) % System sends the caller back to the main menu after he/she has waited in the queue longer than a pre-set time or if the queue becomes full?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
h) % Busy signal after navigating an automated attendant menu, or after being transferred by a receptionist?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
i) % Call rings unanswered during business hours?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0



Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
35 Do you have a menu system that callers negotiate before speaking to someone? If yes: a) What is the average number of menu layers that must be navigated before a caller can speak to a live person? [Count each and every time a caller must select a menu option by pressing a button on the phone as a menu layer. Use the volume-weighted average number of menu layers if callers must negotiate different numbers of menu layers to reach a service representative on some menu-tree branches than on others.]  b) What is the average time in seconds that it would take a caller to negotiate the menu and listen to menu options before the caller is forwarded to a live person (or queue for a live person)?  c) Is the menu system by-passed if a service representative is available?  c1) If yes, what percentage of calls is the menu system by-passed?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	84% Yes / 16% No / 0% n/a				50	
	1	1	1	5	2	1	2	14	5	2	1	2	42	
	108	53	53	108	60	15	53	14	152	55	5	51	42	
	No	No	No	0% Yes / 88% No / 13% n/a				14	0% Yes / 84% No / 16% n/a				42	
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0	
36 When a member calls in, is the first point of human contact usually a receptionist(s) who transfers a high proportion of calls elsewhere in the organization? (indicate no if most calls go directly to a call center)  If yes: a) Do you have a queue for the receptionist(s)? a1) If yes, what is the average wait time in seconds in the queue for the receptionist(s)? b) Approximately what percentage of callers are: b1) Satisfied by the receptionist without forwarding? b2) Forwarded by the receptionist to a queue for service representatives? b3) Forwarded by the receptionist to specific people or departments? b4) Receptionist takes a message?	No	No	No	6% Yes / 94% No / 0% n/a				16	6% Yes / 94% No / 0% n/a				50	
	n/a	n/a	n/a	6% Yes / 0% No / 94% n/a				1	4% Yes / 2% No / 94% n/a				3	
	n/a	n/a	n/a	20	20	20	20	1	20	20	20	20	1	
	n/a	n/a	n/a	5.0%	5.0%	5.0%	5.0%	1	5.0%	5.0%	5.0%	5.0%	2	
	n/a	n/a	n/a	90.0%	90.0%	90.0%	90.0%	1	90.0%	45.0%	0.0%	45.0%	2	
	n/a	n/a	n/a	5.0%	5.0%	5.0%	5.0%	1	93.0%	49.0%	5.0%	49.0%	2	
	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%	1	2.0%	1.0%	0.0%	1.0%	2	
37 Do you have a queue for service representatives? [The entry to the queue could be a recorded message, a menu system or a receptionist.]  If yes: a) Average wait time in seconds in queue for a service representative?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	98% Yes / 2% No / 0% n/a				50	
	286	258	95	821	82	5	208	16	1,030	90	1	186	49	

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
b) Are calls automatically sent to voice mail when the queue exceeds a set wait time (i.e., callers are not given the option to wait)?	No	No	No	6% Yes / 94% No / 0% n/a				16	10% Yes / 88% No / 2% n/a				49	
38 Does your system notify the caller of the expected wait time, or their place in the queue, for reaching a knowledgeable service representative if the expected wait exceeds a certain threshold?	No	No	No	44% Yes / 56% No / 0% n/a				16	52% Yes / 48% No / 0% n/a				50	
39 Do you have a callback feature on your phone system? [i.e., the caller's telephone number is placed in a queue for callback when their turn comes up] If yes:	No	No	No	44% Yes / 56% No / 0% n/a				16	40% Yes / 60% No / 0% n/a				50	
a) What was the total volume of callbacks?	n/a	n/a	n/a	216,046	18,939	3,454	43,988	7	216,046	14,949	1,732	47,983	20	
b) What is the callback completion rate (i.e., what percentage of callers that chose to be called back, were actually reached)?	n/a	n/a	n/a	98.5%	91.4%	85.0%	92.1%	7	98.5%	92.6%	54.3%	90.7%	20	
After Reaching a Service Rep														
40 What was the:														
a) % of callers transferred after first contact? (exclude receptionists)	13.9%	13.1%	13.0%	22.0%	1.9%	0.0%	4.6%	13	30.0%	3.6%	0.0%	5.5%	42	
b) % of callers you called back because their needs were not fully satisfied at first contact?	4.7%	3.0%	3.0%	10.0%	3.4%	1.0%	4.4%	12	22.0%	2.1%	0.1%	4.0%	37	
c) % of calls satisfied by the first contact?	81.4%	83.9%	84.0%	99.0%	92.6%	71.6%	90.6%	12	99.7%	93.4%	69.0%	90.5%	42	
41 If available, what was the:														
a) Average talk time? [Do not include: hold or queuing time prior to a member reaching a knowledgeable person, or hold time after a member has reached a knowledgeable person.]	446	398	387	510	311	206	313	15	572	315	145	322	47	
b) Average after call work time when service representative is unavailable to take another call?	205	213	243	205	64	5	83	12	240	70	0	95	41	
c) Average occupancy %? [time spent handling calls, including after call work, as a percentage of total available time to answer calls.]	78.0%	73.7%	76.0%	92.9%	76.1%	60.0%	73.8%	11	97.5%	76.1%	0.0%	72.0%	41	
42 When a member calls in, do you have immediate computer access to the following member data:														
a) Copies of recent correspondence online?	Yes	Yes	Yes	81% Yes / 13% No / 6% Some				16	94% Yes / 4% No / 2% Some				50	
b) Knowledge based on-line help system available for use by the service representative?	Yes	Yes	Yes	75% Yes / 25% No				16	86% Yes / 14% No				50	
c) Most recent member statement?	Yes	Yes	Yes	94% Yes / 6% No				16	98% Yes / 2% No				50	
d) Beneficiary information?	Yes	Yes	Yes	94% Yes / 6% No				16	98% Yes / 2% No				50	

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
43 Do you provide the following information on an immediate real-time basis to members over the phone? [If you do not have real-time access to the information or if your policy is not to give the information over the phone because of security or other concerns then your answer should be 'no'.]													
a) Estimates of the member's pension at retirement? If yes:	Yes	Yes	Yes	50% Yes / 50% No				16	64% Yes / 36% No				50
a1) Can you easily model and provide alternate annuity payment scenarios? [i.e., joint and 50% survivor, joint and 70% survivor, etc.]	Yes	Yes	Yes	50% Yes / 38% No				14	62% Yes / 30% No				46
a2) Is the estimate based on an interactive benefit calculator linked to the member's actual account data?	Yes	Yes	Yes	50% Yes / 38% No				14	64% Yes / 28% No				46
b) Refund or transfer value assuming the member exited employment at the time of the call?	Yes	Yes	Yes	88% Yes / 13% No				16	84% Yes / 16% No				50
c) Pensionable salary?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	92% Yes / 8% No / 0% n/a				50
d) Service credit history including gaps?	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a				16	88% Yes / 12% No / 0% n/a				50
e) Cost to purchase service credit?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a				16	70% Yes / 28% No / 2% n/a				49
f) If you administer a DC plan:													
f1) Current value of the DC account?	n/a	n/a	n/a	38% Yes / 0% No / 63% n/a				6	24% Yes / 0% No / 76% n/a				12
f2) Estimate of the value of the DC account at retirement?	n/a	n/a	n/a	13% Yes / 25% No / 63% n/a				6	14% Yes / 10% No / 76% n/a				12
f3) History of account transactions?	n/a	n/a	n/a	38% Yes / 0% No / 63% n/a				6	22% Yes / 2% No / 76% n/a				12
44 Can members calling in perform the following transactions over the phone:													
a) Change address?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a				16	70% Yes / 26% No / 4% n/a				48
b) Add or change email address?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	86% Yes / 14% No / 0% n/a				50
c) Change payment instructions? [i.e., bank account]	Yes	Yes	Yes	31% Yes / 69% No / 0% n/a				16	30% Yes / 66% No / 4% n/a				48
d) If you administer a DC plan, switches to investment options?	n/a	n/a	n/a	19% Yes / 19% No / 63% n/a				6	12% Yes / 10% No / 78% n/a				11
Quality and Other													
45 Do you review your staff's responses to member calls for coaching purposes on a regular basis? [As opposed to intermittent or only while training new service representatives, etc.]	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	84% Yes / 16% No / 0% n/a				50
If yes:													

Survey Question	Your Response				Peers 2020					All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
a) How many calls per agent per month (on average) do you monitor?	7	5	5	10	5	4	6	13	30	4	1	7	42		
b) Are you listening in on a live call or a recording?	Recording	Recording	Recording	31% Recording / 0% Live / 50% Both / 19% n/a					13	30% Recording / 12% Live / 42% Both / 16% n/a					42
46 Do you have and use tools to help you project call volumes?	Yes	Yes	Yes	88% Yes / 13% No					16	86% Yes / 14% No					50
47 Do you have a toll free number (or a number where members are only charged the cost of a local call no matter where they are located) that members can call to get a real person (not just an info line)?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a					16	94% Yes / 6% No / 0% n/a					50
48 How many hours per week is your 'call center' operational?	52.5	52.5	53.0	60.0	45.5	37.5	46.0	16	62.5	45.0	36.5	46.3	50		
49 Can members communicate questions using email?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a					16	96% Yes / 4% No / 0% n/a					50
a) If yes, what is the average time (in business days) to respond to an email query? Do not include auto-responses or confirmation of email receipt.	1.0	1.0	1.0	3.1	1.0	0.4	1.3	15	5.0	1.0	0.4	1.6	48		
<b>Activity 2b - Mail Room, Imaging</b>															
50 What were your volumes of:															
a) Incoming mail?	84,841	83,459	86,028	791,119	84,876	14,120	133,356	16	809,605	89,853	5,007	147,454	50		
b) Outgoing mail?	242,712	265,281	269,962	2,501,772	424,766	24,968	682,455	16	6,167,836	329,641	12,040	755,365	50		
51 Do you use imaging technology?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a					16	100% Yes / 0% No / 0% n/a					50
If yes:															
a) Do you keep images of ALL incoming member correspondence and submitted forms?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a					16	98% Yes / 2% No / 0% n/a					50
b) If not all, describe the member documents you do keep images of below: n/a															
c) Have all historical documents also been imaged?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a					16	80% Yes / 20% No / 0% n/a					50
<b>Activity 2c - 1-on-1 Member Counseling</b>															
52 Do you provide 1-on-1 counseling?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a					16	100% Yes / 0% No / 0% n/a					50
If you do not offer 1-on-1 counseling skip to question 61.															
53 Provide the number of members counseled 1-on-1 that were:															

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
a) Pre-scheduled and/or walk-in counseled in-house? [Include only if the member actually sees a counselor. Exclude 'walk-through' traffic (i.e., picking up brochures or forms) where needs can be met by the receptionist.]	16,269	20,533	20,263	17,609	3,751	434	5,528	16	37,345	2,737	0	4,709	49
b) In the field at locations separate from the member's place of employment?	107	1,124	1,455	43,409	1,104	0	5,600	15	43,409	170	0	2,836	49
c) At the member's place of employment?	6,492	9,053	7,987	7,158	15	0	1,544	15	8,262	0	0	806	49
d) Via teleconference? [These are pre-scheduled counseling sessions that cover materials sent to the member in advance of the session.]	1,308	0	0	14,507	449	0	1,669	16	114,301	25	0	3,804	50
e) Via videoconference?	172	n/a	n/a	3,219	0	0	346	14	3,219	0	0	162	40
(Total counseled 1-on-1)	24,348	30,882	29,877	77,325	7,455	434	14,197	16	114,301	5,624	328	12,118	50
54 Is 1-on-1 retirement counseling a freely available option for most members? [If the only 1-on-1 counseling you do is for VIPs, disability, exceptions and emergencies then your answer should be no.]	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	98% Yes / 2% No / 0% n/a				50
55 Do you limit 1-on-1 counseling by:													
a) Requiring that members be within a certain time period of earliest possible retirement?	No	No	No	13% Yes / 88% No / 0% n/a				16	8% Yes / 92% No / 0% n/a				50
b) Placing a limit on the number of counseling sessions a member can request?	No	No	No	13% Yes / 88% No / 0% n/a				16	4% Yes / 96% No / 0% n/a				50
c) Indicating that members should contact their employers or unions first for counseling?	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50
d) Other (describe)?	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50
n/a													
56 Do you provide counseling for walk-in traffic?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	94% Yes / 6% No / 0% n/a				50
If yes:													
a) On average, how long does a walk-in member that requests a counseling session typically have to wait till they can meet with a counselor? (minutes)	36	29	31	36	5	0	9	14	36	5	0	8	47
b) Approximately what percentage of walk-in members requesting a counseling session are turned away, or scheduled for another time, or leave with their needs unsatisfied because they decide the wait was too long?	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%	0.6%	14	99.0%	0.0%	0.0%	2.6%	47

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
57 Do you offer prescheduled 1-on-1 counseling? a) If yes, how long does a member that requests a pre-scheduled counseling session typically have to wait, in business days, before he can meet with a counselor for an in-house 1-on-1 counseling session?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	88% Yes / 12% No / 0% n/a				50
	7	6	6	25	2	0	6	15	25	1	0	4	44
58 Do you offer 1-on-1 counseling sessions after normal working hours, such as evenings and/or weekends?	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	46% Yes / 54% No / 0% n/a				50
59 For 1-on-1 counseling sessions that are walk-ins, prescheduled in-house and in the field: a) Do almost all sessions take place in a private office with a door (versus a cubicle, etc.)? a1) Walk-in traffic in-house? a2) Pre-scheduled in-house? a3) In-the-field? b) Do you have real-time access to the member's data (i.e., salary, service credit, refund value, beneficiaries, etc.)? b1) Walk-in traffic in-house? b2) Pre-scheduled in-house? b3) In-the-field? c) Do you provide new written estimates on a real-time basis for anybody that wants one? c1) Walk-in traffic in-house? c2) Pre-scheduled in-house? c3) In-the-field? d) Do you provide an accurate cost to purchase service credit on a real-time basis for anybody that wants one? d1) Walk-in Traffic In-house? d2) pre-scheduled In-house? d3) In-the-field? e) If you administer a DC plan, can you provide future retirement income and/ or account balance projections based on the member's account information and various market scenarios? e1) Walk-in Traffic In-house? e2) pre-scheduled In-house?													
	Yes	Yes	Yes	69% Yes / 19% No / 13% n/a				14	72% Yes / 22% No / 6% n/a				47
	Yes	Yes	Yes	75% Yes / 13% No / 13% n/a				14	78% Yes / 8% No / 14% n/a				43
	Yes	Yes	Yes	63% Yes / 13% No / 25% n/a				12	50% Yes / 20% No / 30% n/a				35
	Yes	Yes	Yes	81% Yes / 6% No / 13% n/a				14	92% Yes / 2% No / 6% n/a				47
	Yes	Yes	Yes	75% Yes / 13% No / 13% n/a				14	82% Yes / 4% No / 14% n/a				43
	Yes	Yes	Yes	69% Yes / 6% No / 25% n/a				12	64% Yes / 6% No / 30% n/a				35
	Yes	Yes	Yes	75% Yes / 13% No / 13% n/a				14	78% Yes / 16% No / 6% n/a				47
	Yes	Yes	Yes	69% Yes / 19% No / 13% n/a				14	74% Yes / 12% No / 14% n/a				43
	Yes	Yes	Yes	69% Yes / 6% No / 25% n/a				12	56% Yes / 14% No / 30% n/a				35
	Yes	Yes	Yes	69% Yes / 19% No / 13% n/a				14	68% Yes / 24% No / 8% n/a				46
	Yes	Yes	Yes	56% Yes / 31% No / 13% n/a				14	62% Yes / 22% No / 16% n/a				42
	Yes	Yes	Yes	56% Yes / 19% No / 25% n/a				12	44% Yes / 24% No / 32% n/a				34
	n/a	n/a	n/a	0% Yes / 31% No / 69% n/a				5	12% Yes / 12% No / 76% n/a				12
	n/a	n/a	n/a	0% Yes / 31% No / 69% n/a				5	12% Yes / 12% No / 76% n/a				12

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
e3) In-the-field?	n/a	n/a	n/a	0% Yes / 31% No / 69% n/a				5	8% Yes / 10% No / 82% n/a				9
60 Do you review 1-on-1 counseling sessions for coaching purposes on a regular basis? [As opposed to intermittent or only while training new counselors, etc.]	No	No	No	56% Yes / 44% No / 0% n/a				16	60% Yes / 40% No / 0% n/a				50
<b>Activity 2d - Member Presentations and Group Retirement</b>													
61 Do you offer member presentations (including group counseling)?  If you do not offer member presentations skip to question 68.	Yes	Yes	Yes	100% Yes / 0% No				16	98% Yes / 2% No				50
62 How many benefit fairs did you host or participate in?	128	178	172	142	34	0	48	16	534	20	0	48	48
63 How many presentations (including group counseling sessions) for members or annuitants [exclude presentations to employers] did you do that took place:													
a) In-house?	77	94	87	215	33	0	45	16	215	3	0	26	50
b) In the field?	128	172	189	2,736	171	0	437	16	2,736	159	0	328	50
c) Via live webinar? [i.e., a real-time, online presentation that allows two-way communication between the presenter and audience]	0	0	0	165	16	0	33	16	472	14	0	43	49
(Total Presentations)	205	266	276	2,957	249	14	515	16	2,957	218	0	396	50
64 What was the total number of attendees at all of the presentations per question 63 above? [Exclude benefit fair attendees per question 62]	4,815	7,760	8,111	34,497	7,954	130	11,119	16	34,497	7,526	130	10,688	49
65 Did you do specific presentations for members, in the past fiscal year, targeted solely for:													
a) New members?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	78% Yes / 20% No / 2% n/a				49
b) Members in mid career?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	82% Yes / 16% No / 2% n/a				49
c) Members approaching retirement or ready to retire?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	96% Yes / 2% No / 2% n/a				49
d) Healthcare?	Yes	Yes	Yes	44% Yes / 56% No / 0% n/a				16	34% Yes / 62% No / 4% n/a				48
e) Changes to benefits?	Yes	Yes	Yes	31% Yes / 69% No / 0% n/a				16	36% Yes / 62% No / 2% n/a				49
f) Other? (Please describe) Presentations to plan sponsor, unions, retirees.	Yes	Yes	Yes	38% Yes / 63% No / 0% n/a				16	42% Yes / 54% No / 4% n/a				48
66 Do you offer presentations and/or webinars after normal working hours such as evenings and/or weekends?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	90% Yes / 8% No / 2% n/a				49

Survey Question	Your Response				Peers 2020					All Participants 2020			
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
67 Do you review presenters for coaching purposes on a regular and recurring basis? [As opposed to intermittent or only while training new presenters, etc.]  <b>Activity 2e - Written Pension Estimates</b>	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	82% Yes / 16% No / 2% n/a				49
68 Do you offer written pension estimates to members? If no, go directly to question 75.	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	100% Yes / 0% No / 0% n/a				50
69 How many written pension estimates did you mail out pursuant to individual member requests? [Exclude estimates prepared during counseling sessions and not mailed in advance.]	6,421	7,009	7,274	259,262	13,520	108	33,332	16	259,262	9,488	108	20,297	50
70 When a member requests multiple different estimate scenarios, do you count each scenario as an 'estimate' or do you count the 'multiple request' as a single estimate?  a) If you count each scenario, what is the approximate average number of scenarios per request by a member?	Single Estimate	Single Estimate	Single Estimate	75% Each Scenario / 25% Single Estimate				16	58% Each Scenario / 42% Single Estimate				50
	n/a	n/a	n/a	23	2	1	4	12	23	2	1	3	29
71 On average, how many business days does it take to provide a written pension estimate from the time of initial request from a member? [Exclude time in the mail.]  a) Is this a number you regularly measure and track (versus an estimate)?	60.0	60.0	60.0	60.0	4.5	0.0	9.4	16	60.0	5.0	0.0	9.5	50
	Regular	Regular	Regular	94% Regular / 6% Estimate				16	90% Regular / 10% Estimate				50
72 Can members request and obtain a written pension estimate at any time during their career? [As opposed to, for example, requiring that the member be within a certain time period of earliest potential retirement before they can request a pension estimate.]  a) If no: describe the time constraint?	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50
	n/a												
73 Do you place a limit on the number of written pension estimates that a member can request?  a) If yes, describe the limit?	No	No	No	19% Yes / 81% No / 0% n/a				16	16% Yes / 84% No / 0% n/a				50
74 Do your written pension estimates (including cover letters, etc. sent with the estimate):													



Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
a) Clearly address if and how the pension is inflation protected (or not protected)?	Yes	Yes	Yes	44% Yes / 56% No / 0% n/a				16	58% Yes / 42% No / 0% n/a				50
b) If your pension is coordinated with or reduced by social security (or CPP in Canada) is the impact explained?	Yes	Yes	Yes	38% Yes / 31% No / 31% n/a				11	46% Yes / 18% No / 36% n/a				32
c) Discuss alternative scenarios that could improve the pension such as purchasing service credit or working longer?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50
d) Model alternative retirement payment options?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	96% Yes / 4% No / 0% n/a				50
<b>Activity 2f Mass Communication: (i) Website</b>													
75 Are all, most or some of your forms available online for either completion or downloading?	All	All	All	50% All / 6% Some / 44% Most				16	40% All / 4% Some / 56% Most				50
76 Does your website have a secure member area where members can access their own data? If yes:	Yes	Yes	Yes	81% Yes / 19% No				16	92% Yes / 8% No				50
a) How many unique members accessed the secure member area? [Count a member only once even if he visited multiple times.]	43,095	37,948	32,851	624,152	86,316	33,490	202,416	13	1,103,170	122,755	5,333	207,847	46
b) How many total visits were there by members to the secure member area? [Count each visit even if the same member visits multiple times.]	290,670	179,000	183,489	4,800,749	547,391	97,988	1,082,455	13	4,800,749	521,029	26,992	971,597	46
c) If a member wants to register for the first time, does he/she have to wait for a password in the mail?	No	No	No	13% Yes / 69% No / 19% n/a				13	6% Yes / 86% No / 8% n/a				46
d) Do you welcome the member by name on the home page of the secure member area?	Yes	Yes	Yes	81% Yes / 0% No / 19% n/a				13	88% Yes / 4% No / 8% n/a				46
e) Are users required to acknowledge a disclaimer every time they log in?	Yes	Yes	Yes	13% Yes / 69% No / 19% n/a				13	10% Yes / 82% No / 8% n/a				46
f) Are users required to acknowledge a disclaimer every time they generate a pension estimate?	Yes	Yes	Yes	31% Yes / 50% No / 19% n/a				13	32% Yes / 60% No / 8% n/a				46
g) Do inactive members have access to the secure member area?	Yes	Yes	Yes	81% Yes / 0% No / 19% n/a				13	82% Yes / 10% No / 8% n/a				46
77 Indicate whether the following capabilities are available on your website and provide volumes:													
a) Benefit calculator in non-secure area?	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	46% Yes / 54% No / 0% n/a				50
b) Benefit calculator in secure area not linked to member data?	No	No	No	0% Yes / 100% No / 0% n/a				16	16% Yes / 84% No / 0% n/a				50
c) Benefit calculator in secure area linked to member's salary and service data?	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a				16	88% Yes / 12% No / 0% n/a				50
d) Service credit purchase calculator?	No	No	No	75% Yes / 25% No / 0% n/a				16	72% Yes / 24% No / 4% n/a				48

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
e) Financial planning tool? A financial planning tool considers a member's retirement goals, and helps calculate the required total income and expenses at retirement. It provides a complete picture of member's financial health by incorporating a range of inputs into the planner, including: current expenses, projected salary, expected retirement age, expected retirement lifestyle, taxes, credit, insurance, relationship status, beneficiaries and children, mortgage, assets outside of a pension, etc., and projects scenarios under which a member can retire. The planner will also include tips on how a member can achieve their retirement goals.	No	n/a	n/a	6% Yes / 69% No / 25% n/a					12	6% Yes / 42% No / 52% n/a					24
e1) Is the financial planning tool linked to member-specific data?	n/a	n/a	n/a	0% Yes / 6% No / 94% n/a					1	2% Yes / 4% No / 94% n/a					3
e2) Is the financial planning tool linked to data from third parties (e.g., tax agencies, other pension agencies, etc.)?	n/a	n/a	n/a	0% Yes / 6% No / 94% n/a					1	4% Yes / 2% No / 94% n/a					3
f) Register for 1-on-1 counseling sessions?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a					16	42% Yes / 58% No / 0% n/a					50
f1) If yes, does the member have real-time access to available dates and times?	Yes	Yes	Yes	56% Yes / 6% No / 38% n/a					10	34% Yes / 6% No / 60% n/a					20
g) Register for presentations?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a					16	72% Yes / 24% No / 4% n/a					48
h) Live chat?	n/a	No	No	6% Yes / 88% No / 6% n/a					15	8% Yes / 90% No / 2% n/a					49
i) Chatbot (or virtual service agent)?	No	n/a	n/a	0% Yes / 75% No / 25% n/a					12	0% Yes / 48% No / 52% n/a					24
j) Change address?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a					16	88% Yes / 8% No / 4% n/a					48
k) Change beneficiary?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a					16	62% Yes / 34% No / 4% n/a					48
l) Change email address?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a					16	92% Yes / 8% No / 0% n/a					50
m) Reset password?	Yes	Yes	Yes	81% Yes / 13% No / 6% n/a					15	84% Yes / 10% No / 6% n/a					47
n) Change banking information for direct deposit?	Yes	Yes	Yes	56% Yes / 44% No / 0% n/a					16	52% Yes / 44% No / 4% n/a					48
o) Change tax withholding amount?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a					16	68% Yes / 28% No / 4% n/a					48
p) View or download duplicate tax receipts? [i.e., 1099s in the U.S.]	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a					16	82% Yes / 18% No / 0% n/a					50
q) View pension payment details? [i.e., gross amounts, deductions]	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a					16	86% Yes / 14% No / 0% n/a					50
r) Submit a retirement application online?	n/a	No	No	44% Yes / 50% No / 6% n/a					15	50% Yes / 48% No / 2% n/a					49
If yes:															
r1) Does the online application provide an estimate, final value or neither of the annuity payment the member will receive?	n/a	n/a	n/a	0% Final / 13% Neither / 31% Estimate / 56% n/a					7	6% Final / 24% Neither / 20% Estimate / 50% n/a					25

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
r2) Approximately what % of retirements submitted online require follow-up documents or signatures to be mailed in?	n/a	n/a	n/a	100.0%	29.1%	0.0%	40.2%	6	100.0%	30.6%	0.0%	48.7%	22	
s) View status of online retirement application?	n/a	No	No	38% Yes / 50% No / 13% n/a				14	40% Yes / 52% No / 8% n/a				46	
t) Apply for a refund or transfer-out?	No	No	No	38% Yes / 63% No / 0% n/a				16	34% Yes / 66% No / 0% n/a				50	
u) Secure mailbox or digital file including history of recent correspondence and member documents?	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	50% Yes / 50% No / 0% n/a				50	
v) View or download member statement?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	86% Yes / 14% No / 0% n/a				50	
w) Upload documents (such as birth certificates)?	No	No	No	56% Yes / 44% No / 0% n/a				16	48% Yes / 52% No / 0% n/a				50	
x) View pensionable earnings and/or service without downloading?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50	
If yes:														
x1) Are both salary and service data available?	Yes	Yes	Yes	63% Yes / 0% No / 38% n/a				10	80% Yes / 2% No / 18% n/a				41	
x2) Is online data up-to-date to the most recent pay period?	Yes	Yes	Yes	50% Yes / 13% No / 38% n/a				10	66% Yes / 16% No / 18% n/a				41	
x3) Is a complete annual history from the beginning of employment provided?	No	No	No	38% Yes / 25% No / 38% n/a				10	50% Yes / 32% No / 18% n/a				41	
y) If you administer a core DC or hybrid DB/ DC plan:														
y1) Switch between investment options?	n/a	n/a	n/a	25% Yes / 13% No / 63% n/a				6	20% Yes / 10% No / 70% n/a				15	
y2) Change deferral percentage selections for regular contributions?	n/a	n/a	n/a	6% Yes / 31% No / 63% n/a				6	10% Yes / 18% No / 72% n/a				14	
y3) Initiate withdrawals?	n/a	n/a	n/a	19% Yes / 19% No / 63% n/a				6	14% Yes / 14% No / 72% n/a				14	
y4) View current valuation of their account?	n/a	n/a	n/a	31% Yes / 6% No / 63% n/a				6	22% Yes / 6% No / 72% n/a				14	
If yes, volume?														
a) Benefit calculator in non-secure area?	43,095	37,948	Unknown	346,922	90,290	38,141	134,838	8	438,815	88,110	11,358	125,569	23	
b) Benefit calculator in secure area not linked to member data?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	14,434	2,828	853	4,766	8	
c) Benefit calculator in secure area linked to member's salary and service data?	123,404	179,000	121,941	2,242,684	115,996	50,476	302,881	12	2,242,684	137,065	6,346	271,365	44	
d) Service credit purchase calculator?	n/a	n/a	n/a	75,121	15,148	656	17,893	12	115,421	14,122	656	22,649	36	
f) Register for 1-on-1 counseling sessions?	6,207	10,110	9,590	23,309	1,848	393	4,575	10	30,922	2,986	393	6,024	18	
g) Register for presentations?	1,477	7,146	2,042	24,709	2,953	610	6,107	12	24,709	4,001	151	5,527	27	
h) Live chat?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	10,762	2,697	672	4,710	3	
j) Change address?	2,329	1,925	2,028	258,963	4,700	949	35,714	13	258,963	12,833	949	23,992	44	
k) Change beneficiary?	10,616	9,164	10,438	211,236	10,430	599	36,624	10	504,878	12,014	599	40,252	31	
l) Change email address?	749	707	755	105,957	5,604	749	28,201	10	176,948	5,708	79	27,876	32	
m) Reset password?	19,476	18,339	23,032	311,681	31,914	14	75,941	10	311,681	24,465	14	54,701	35	

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
n) Change banking information for direct deposit?	765	581	656	96,388	4,804	301	14,377	9	309,033	2,495	301	20,991	26
o) Change tax withholding amount?	2,799	2,785	6,138	128,945	7,693	1,694	18,104	11	128,945	6,466	1,026	14,851	34
p) View or download duplicate tax receipts? [i.e., 1099s in the U.S.]	10,416	7,749	4,748	212,237	24,643	7,159	46,128	13	433,463	26,916	307	51,966	41
q) View pension payment details? [i.e., gross amounts, deductions]	23,478	17,141	13,466	2,977,002	28,921	1,240	361,911	11	2,977,002	41,690	118	197,585	37
r) Submit a retirement application?	n/a	n/a	n/a	17,592	3,973	1,399	6,141	7	36,000	2,913	97	6,420	24
s) View status of online retirement application?	n/a	n/a	n/a	169,590	31,665	5,249	69,348	5	169,590	17,867	150	38,161	15
t) Apply for a refund or transfer-out?	n/a	n/a	n/a	10,640	8,207	784	7,050	5	39,038	7,424	105	8,898	16
u) Secure mailbox or digital file including history of recent correspondence and member documents?	51,100	39,974	49,481	651,892	102,497	11,171	217,014	4	2,014,098	126,623	3,622	340,737	18
v) View or download member statement?	23,111	5,552	24,690	517,111	92,235	10,300	152,010	14	640,299	86,385	6,279	124,583	43
w) Upload documents (such as birth certificates)?	n/a	n/a	n/a	46,808	2,870	3	11,012	9	46,808	7,546	3	13,052	21
x) View pensionable earnings and/or service without downloading?	290,670	179,000	183,489	4,096,981	338,228	46,802	660,218	10	4,096,981	290,670	5,962	584,393	41
y) If you administer a core DC or hybrid DB/ DC plan:													
y1) Switch between investment options?	n/a	n/a	n/a	13,269	6,459	1,636	7,121	3	13,269	1,636	1,200	4,150	7
y2) Change deferral percentage selections for regular contributions?	n/a	n/a	n/a	63,406	63,406	63,406	63,406	1	63,406	4,052	850	22,769	3
y3) Initiate withdrawals?	n/a	n/a	n/a	18,815	9,677	7,099	11,864	3	18,815	4,473	941	6,555	6
y4) View current valuation of their account?	n/a	n/a	n/a	1,241,968	249,309	19,397	503,558	3	1,241,968	305,021	19,397	474,171	6
Mass Communication: (ii) News and Targeted Communication													
78 Do you have videos that members can access online?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	96% Yes / 4% No / 0% n/a				50
<b>Activity 2f Mass Communication: (ii) News and Targeted Communication</b>													
79 What % of email addresses do you have in your system for the following groups:													
a) Active members?	61.0%	57.8%	58.9%	88.6%	56.3%	0.0%	48.4%	16	100.0%	62.5%	0.0%	56.4%	49
b) Inactive members?	20.3%	6.4%	6.3%	60.6%	29.7%	0.0%	29.2%	16	60.6%	31.7%	0.0%	30.8%	48
c) Annuitants?	45.9%	28.9%	28.9%	81.7%	45.8%	0.0%	47.1%	16	88.0%	51.0%	0.0%	50.2%	49

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
80 Indicate whether you sent newsletters or news magazines (in either electronic or paper format) last year to any of the following member segments, and if yes, the number of times it was sent and the approximate % sent electronically. Only indicate 'yes' if the newsletter was customized for and only sent to members in the segment:													
Target segment													
a) All members (active, inactive and annuitants)?	No	No	No	31% Yes / 69% No / 0% n/a				16	30% Yes / 70% No / 0% n/a				50
b) Active and inactive members?	No	No	No	31% Yes / 69% No / 0% n/a				16	26% Yes / 74% No / 0% n/a				50
c) Active members and annuitants?	No	No	No	0% Yes / 100% No / 0% n/a				16	4% Yes / 96% No / 0% n/a				50
d) Active members only?	Yes	Yes	Yes	56% Yes / 44% No / 0% n/a				16	54% Yes / 46% No / 0% n/a				50
e) Inactive members only?	No	No	No	6% Yes / 94% No / 0% n/a				16	8% Yes / 92% No / 0% n/a				50
f) Annuitants only?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	80% Yes / 20% No / 0% n/a				50
g) Age segments (i.e., under 35, 35-50, 50 plus)?	No	No	No	19% Yes / 81% No / 0% n/a				16	16% Yes / 84% No / 0% n/a				50
h) Women only or men only?	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	No	No	No	19% Yes / 81% No / 0% n/a				16	12% Yes / 88% No / 0% n/a				50
j) Other? (describe your other newsletter segments below)	No	No	No	19% Yes / 81% No / 0% n/a				16	16% Yes / 84% No / 0% n/a				50
n/a													
If yes: # of times you sent last year?													
a) All members (active, inactive and annuitants)?	n/a	n/a	n/a	4	3	1	3	5	9	2	1	3	15
b) Active and inactive members?	n/a	n/a	n/a	18	3	1	6	5	18	3	1	3	14
c) Active members and annuitants?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	4	4	3	4	2
d) Active members only?	4	4	4	8	3	1	3	9	13	2	1	3	27
e) Inactive members only?	n/a	n/a	n/a	1	1	1	1	1	1	1	1	1	4
f) Annuitants only?	4	4	4	14	3	2	4	13	15	2	1	3	40
g) Age segments (i.e., under 35, 35-50, 50 plus)?	n/a	n/a	n/a	8	5	4	6	3	31	7	1	10	8
h) Women only or men only?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	1	1	1	1	1
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	n/a	n/a	n/a	12	9	8	10	3	12	9	2	7	6
j) Other? (describe your other newsletter segments below)	n/a	n/a	n/a	12	6	4	7	3	12	6	3	7	8
Approx. % sent by email													
a) All members (active, inactive and annuitants)?	n/a	n/a	n/a	75.0%	0.0%	0.0%	28.7%	5	100.0%	36.0%	0.0%	35.3%	14

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b) Active and inactive members?	n/a	n/a	n/a	100.0%	100.0%	25.7%	74.1%	5	100.0%	45.1%	0.0%	51.9%	14
c) Active members and annuitants?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	100.0%	70.0%	40.0%	70.0%	2
d) Active members only?	0.0%	0.0%	0.0%	100.0%	92.2%	0.0%	62.1%	9	100.0%	96.1%	0.0%	66.5%	26
e) Inactive members only?	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%	1	45.4%	0.0%	0.0%	15.1%	3
f) Annuitants only?	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	28.6%	13	100.0%	13.0%	0.0%	30.5%	39
g) Age segments (i.e., under 35, 35-50, 50 plus)?	n/a	n/a	n/a	100.0%	52.0%	0.0%	50.7%	3	100.0%	52.0%	0.0%	52.7%	7
h) Women only or men only?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	100.0%	100.0%	100.0%	100.0%	1
i) Employer or employment category (i.e., a different newsletter for teachers vs. bus drivers)?	n/a	n/a	n/a	100.0%	100.0%	26.1%	75.4%	3	100.0%	90.9%	0.0%	68.0%	6
j) Other? (describe your other newsletter segments below)	n/a	n/a	n/a	100.0%	100.0%	75.0%	91.7%	3	100.0%	100.0%	40.0%	89.4%	8
81 Are new members issued a 'welcome' kit describing their benefits?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50
a) If yes, does it include a personalized letter addressing the new member by name?	No	No	No	50% Yes / 19% No / 31% n/a				11	66% Yes / 16% No / 18% n/a				41
82 Do you send your members a general brochure with a summary of the benefits every year in either paper or email format?	No	No	No	38% Yes / 63% No / 0% n/a				16	34% Yes / 66% No / 0% n/a				50
83 Do you automatically send targeted letters or emails addressed to members by name triggered by the following milestones:													
a) Vested for pension benefits (if member is not vested immediately)?	Yes	Yes	Yes	56% Yes / 38% No / 6% n/a				15	30% Yes / 54% No / 16% n/a				42
b) Vested for disability benefits (if member is not vested immediately)?	Yes	Yes	Yes	19% Yes / 75% No / 6% n/a				15	8% Yes / 70% No / 22% n/a				39
c) Expiration of disability benefits for inactive members or members that have exited employment?	n/a	n/a	n/a	31% Yes / 63% No / 6% n/a				15	24% Yes / 56% No / 20% n/a				40
d) Approaching eligibility, or becoming eligible, for retirement?	No	No	No	50% Yes / 50% No / 0% n/a				16	54% Yes / 46% No / 0% n/a				50
e) Eligibility or likely eligibility, to purchase service credit?	Yes	Yes	Yes	31% Yes / 69% No / 0% n/a				16	28% Yes / 68% No / 4% n/a				48
f) Missing beneficiary?	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a				16	36% Yes / 60% No / 4% n/a				48
g) Missing email address?	Yes	No	No	13% Yes / 88% No / 0% n/a				16	18% Yes / 82% No / 0% n/a				50
h) Never visited the secure member area?	Yes	Yes	Yes	19% Yes / 75% No / 6% n/a				15	10% Yes / 86% No / 4% n/a				48
i) Other milestone communication? (describe below)	Yes	Yes	No	44% Yes / 56% No / 0% n/a				16	66% Yes / 34% No / 0% n/a				50
Survivor Income Benefit letters, Year-End Recap: Retired Public Safety Officer \$3,000 Healthcare Care Tax Benefit letters, Annual Benefit Statements, Medicare Part B mailing													

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
84 Do you actively solicit member feedback on your publications through:														
a) Focus groups?	No	No	No	31% Yes / 69% No / 0% n/a				16	28% Yes / 72% No / 0% n/a				50	
b) Tear out surveys or feedback cards in the publications themselves?	No	No	No	0% Yes / 100% No / 0% n/a				16	4% Yes / 96% No / 0% n/a				50	
c) Surveys sent to members who request a publication?	No	No	No	13% Yes / 88% No / 0% n/a				16	8% Yes / 92% No / 0% n/a				50	
d) Other (describe)? Service surveys, online, conferences, workshops	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	54% Yes / 46% No / 0% n/a				50	
<b>Activity 2f Mass Communication: (iii) Member Statement</b>														
85 How many times per year (annually = 1, every 2nd year = 0.5, every 3 years = 0.33, every 5 years = 0.2) do you send member statements to:														
a) Active members?	1	1	1	5	1	1	2	16	5	1	0	1	50	
b) Inactive members?	1	1	1	5	1	0	1	16	5	1	0	1	50	
86 Approximately what % of members complain about the accuracy of data in their member statements?	0.5%	1.0%	1.0%	8.6%	0.1%	0.0%	1.0%	16	8.6%	0.1%	0.0%	0.6%	50	
87 Indicate the approximate percentage breakdown of how you send member statements to active members:														
a) Directed through the employer?	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16	100.0%	0.0%	0.0%	8.7%	48	
b) Mailed directly to members' homes?	100.0%	100.0%	100.0%	100.0%	95.8%	0.0%	57.9%	16	100.0%	47.0%	0.0%	47.3%	49	
c) Email or text message to members that the statement is available in the secure member area?	0.0%	0.0%	0.0%	100.0%	11.3%	0.0%	41.9%	16	100.0%	25.0%	0.0%	42.2%	49	
88 On average, how current is an active member's data in the statements that the member receives (in months)? [For example, if statements with data current to December 31st are mailed in a staggered mailing beginning May 1st and finishing June 30th, then the members are receiving data that is between 4 and 6 months old, or 5 months old on average.]	1	1	1	5	2	0	2	16	7	3	0	3	49	
89 Do your statements for active members include:														
a) Total accumulated service credit?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	94% Yes / 4% No / 2% n/a				49	
b) Pensionable earnings?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	84% Yes / 14% No / 2% n/a				49	
c) A historical summary of salary and service credit earned each year?	No	No	No	31% Yes / 69% No / 0% n/a				16	26% Yes / 72% No / 2% n/a				49	
d) The refund value if you left at the statement date?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	74% Yes / 24% No / 2% n/a				49	

Survey Question	Your Response				Peers 2020					All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
e) An estimate of the future pension entitlement based on age scenario modeling or assuming the member continues to work until earliest possible retirement?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a					16	82% Yes / 16% No / 2% n/a					49
90 Do you have a mobile app(s)?	No	No	No	6% Yes / 94% No / 0% n/a					16	10% Yes / 90% No / 0% n/a					50
<b>Activity 3 Collections and Data Maintenance</b>															
91 Number of:															
a) Employers at the end of your fiscal year?	5	4	3	3,025	840	5	968	16	25,375	795	1	1,418	50		
b) Employers that joined your system during the fiscal year?	0	0	0	18	1	0	4	16	2,372	3	0	54	50		
c) Employers that exited your system during the fiscal year?	0	0	1	9	1	0	2	16	1,694	2	0	40	50		
92 How many 'collection points' (i.e., employers, state agencies, departments and/or service providers etc) do you deal with for collecting:															
a) Member payroll data?	4	4	3	3,025	669	4	853	16	4,784	719	1	919	50		
b) Money (i.e., contributions)?	4	4	3	3,025	650	4	843	16	25,375	706	1	1,365	50		
[Your number of 'collection points' could be less than your number of employers if, for example, some of your payroll data comes from a central agency that processes payroll data from numerous employers and then provides it to you in a consolidated, integrated format.]															
93 How many 'reconciliation points' (i.e., employers, state agencies, departments and/or service providers, etc.) do you deal with when:															
a) Validating member data?	4	4	3	3,025	868	1	1,008	16	6,695	729	1	995	50		
b) Reconciling money issues (i.e., contributions)?	4	4	3	3,025	669	4	882	16	25,375	719	1	1,395	50		
[For most systems, the number of 'reconciliation points' will be the same as the number of 'collection points' per question 101 immediately above. But they could be different. For example, MOSERS has 1 primary collection point - the Office of Administration. The Office of Administration does not check to see if employers have sent the correct amount. MOSERS has to go back to the individual payroll offices at each employer to reconcile money problems and validate data.]															
94 What is the breakdown of 'collection points' providing you with payroll data between the following formats and what is the total number of active members covered by each format?															



Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
a) 100% electronic? [No manual steps required unless there are errors.]	0	0	0	3,010	555	0	786	16	4,784	496	0	751	50
b) Mostly electronic? [For example, some systems receive files by internet and then must manually start a program that uploads the file.]	0	0	0	763	0	0	73	16	1,521	0	0	130	50
c) Computer readable? [i.e., via computer tape or disk]	1	1	1	1	0	0	0	16	2	0	0	0	49
d) Paper?	3	3	3	9	0	0	1	16	1,674	0	0	44	49
Total # of active members													
a) 100% electronic? [No manual steps required unless there are errors.]	0.0k	0.0k	0.0k	878.0k	146.1k	0.0k	182.8k	16	1,287.6k	165.1k	0.0k	237.7k	50
b) Mostly electronic? [For example, some systems receive files by internet and then must manually start a program that uploads the file.]	0.0k	0.0k	0.0k	153.4k	0.0k	0.0k	18.2k	14	45,092.0k	0.0k	0.0k	1,106.9k	42
c) Computer readable? [i.e., via computer tape or disk]	100.1k	99.2k	98.5k	100.1k	0.0k	0.0k	7.4k	14	100.1k	0.0k	0.0k	2.5k	41
d) Paper?	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k	0.0k	14	18.0k	0.0k	0.0k	0.6k	42
95 How many warrants of execution or court orders did you obtain against delinquent employers?	0	0	0	0	0	0	0	16	3,226	0	0	66	49
96 What % of your active and inactive member on-line records are complete and accurate? [For example, you don't have to double check paper records or check non-recent data with employers prior to incepting a pension. On-line data may be inaccurate because of poor collection processes, or poor transfer of paper records in the past, or merging in new employers with bad data, etc.]	99.9%	99.0%	99.0%	100.0%	99.0%	67.0%	93.7%	16	100.0%	97.0%	65.0%	94.1%	50
97 Do you actively keep track of the addresses of inactive members?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a				16	74% Yes / 26% No / 0% n/a				50
98 Do you have a diagnostic software system for detecting and correcting contribution errors?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50
99 When you get an address change, how many systems do you need to update?	1	1	1	2	1	1	1	16	7	1	1	1	50
<b>Activity 3b - Service to Employers</b>													
100 Number of:													
a) Incoming calls from employers?	n/a	0	1	116,655	9,409	0	20,721	16	116,655	8,570	0	15,280	50
b) Email queries from employers?	n/a	330	306	135,920	8,784	0	19,349	16	267,408	13,805	0	22,842	50

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
c) Conferences for employers (conferences must span more than half a day and typically involve multiple presentations)? [For example, some administrators with multiple employers host an annual conference to update the employers on trends, regulation, legislation, and new services that might affect their pension plan].	0	4	3	3	0	0	0	16	68	0	0	3	50
d) Presentations given to employers such as orientation workshops or seminars on benefit changes, etc. (do not include presentations given at conferences)?	0	2	2	353	22	0	55	16	610	28	0	54	50
e) On-site reviews (or audits or inspections) of your employers? [For example, several systems perform reviews of their employers that have problems providing data and or contributions on a timely basis to ensure that they are correctly fulfilling their obligations to their members.]	0	0	0	861	7	0	89	16	861	1	0	54	50
f) Other site visits to employers (exclude 'd' and 'e' above)?	0	0	0	47	0	0	6	16	3,440	1	0	118	50
101 Do you have an employer targeted section on your website or a separate website for your employers? [Do not include PDF documents.]	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	96% Yes / 4% No / 0% n/a				50
102 Do you have online videos targeted for employers?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	72% Yes / 28% No / 0% n/a				50
103 How many different types of presentations did you give to employers?	8	8	8	43	6	0	8	16	43	5	0	7	50
104 Do you have a newsletter dedicated to employers that is different from the newsletter for members?	No	No	No	81% Yes / 19% No / 0% n/a				16	82% Yes / 18% No / 0% n/a				50
a) If yes, how many times did you prepare and send an employer dedicated newsletter last year?	n/a	n/a	n/a	37	12	3	11	13	60	9	0	14	41
105 Do you have Service Level agreements with your employers that clarifies both your and the employer's service responsibilities and includes measurement and reporting vis-à-vis your responsibilities?	No	No	No	38% Yes / 63% No / 0% n/a				16	30% Yes / 70% No / 0% n/a				50
106 Do you offer and maintain generalized reporting software for your employer collection points?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	94% Yes / 6% No / 0% n/a				50
If yes:													
a) Is the application web-based? [i.e., you connect to it through a web browser]	No	No	No	94% Yes / 6% No / 0% n/a				16	90% Yes / 4% No / 6% n/a				47
b) Can the software integrate both data collection and billing?	No	No	No	56% Yes / 44% No / 0% n/a				16	60% Yes / 34% No / 6% n/a				47

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
c) Can it provide real-time error checking and feedback versus data previously submitted by the employer? [For example, can it identify an unusual increase in an employee's salary?]	No	No	No	63% Yes / 38% No / 0% n/a				16	66% Yes / 28% No / 6% n/a				47	
107 Do you maintain customized reporting software for any of your employer collection points? [For example, you may maintain customized reporting software for your largest employer.]	No	No	No	38% Yes / 63% No / 0% n/a				16	24% Yes / 76% No / 0% n/a				50	
<b>Activity 4 - Governance and Financial Control</b>														
108 Indicate the oversight bodies that you reported to last year, and the number of meetings, excluding investment related meetings, that you participated in:														
a) Board of Trustees?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	86% Yes / 14% No / 0% n/a				50	
b) Non-board legislative oversight committee?	No	No	No	38% Yes / 63% No / 0% n/a				16	50% Yes / 50% No / 0% n/a				50	
c) Advisory committee?	No	No	No	25% Yes / 75% No / 0% n/a				16	44% Yes / 56% No / 0% n/a				50	
d) Members' Council?	No	No	No	0% Yes / 100% No / 0% n/a				16	2% Yes / 98% No / 0% n/a				50	
e) Other (describe below)? n/a	No	No	No	44% Yes / 56% No / 0% n/a				16	44% Yes / 56% No / 0% n/a				50	
# of meetings, including sub-committees, last year														
a) Board of Trustees?	68	88	75	68	14	5	20	16	138	15	4	23	43	
b) Non-board legislative oversight committee?	n/a	n/a	n/a	15	3	1	5	6	35	5	0	8	24	
c) Advisory committee?	n/a	n/a	n/a	10	5	1	5	4	14	3	1	4	22	
d) Members' Council?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	18	18	18	18	1	
e) Other (describe below)?	n/a	n/a	n/a	11	4	1	5	7	49	5	1	11	22	
109 Do you have back-up equipment and premises arranged for your operations if substantial damage occurs at your principal location?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	98% Yes / 2% No / 0% n/a				50	
110 Do you have an independent auditor that reviews and tests the disaster recovery plan?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	70% Yes / 30% No / 0% n/a				50	
111 If your principal location became inoperable due to some disaster (such as fire, tornado, etc), how long would it take, in business days, for you to:														
a) Continue paying pension payments to retirees?	2	2	2	5	1	0	1	16	5	1	0	1	50	
b) Begin doing new pension inceptions at normal volumes?	3	3	3	30	3	0	9	16	75	3	0	8	50	
c) Collect data and money from employers?	3	3	3	14	1	0	3	16	75	1	0	4	50	

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
d) Respond to member calls at close to current service levels?	2	2	2	30	3	0	6	16	75	3	0	7	50
112 Did you have any material legislative changes or other unusual events that materially affected your costs and/ or service in the most recent fiscal year? a) If yes, describe: Covid-19 pandemic: LACERA requested and received an additional \$1million in funding to deal with emergency expenditures for remote workforce during COVID pandemic. These were mostly IT related goods and services. <b>Member Experience</b>	Yes	No	No	25% Yes / 75% No				16	30% Yes / 70% No				50
113 a. General survey to customers, regardless of whether they interacted with the pension plan or not?	Yes	No	n/a	75% Yes / 25% No / 0% n/a				16	70% Yes / 24% No / 6% n/a				47
a1. Active members	No	n/a	n/a	50% Yes / 25% No / 25% n/a				12	48% Yes / 14% No / 38% n/a				31
a2. Annuitant	No	n/a	n/a	44% Yes / 19% No / 38% n/a				10	38% Yes / 18% No / 44% n/a				28
a3. Inactive members	No	n/a	n/a	13% Yes / 50% No / 38% n/a				10	6% Yes / 38% No / 56% n/a				22
a4. Employers	No	n/a	n/a	38% Yes / 25% No / 38% n/a				10	28% Yes / 16% No / 56% n/a				22
b. Did you send a survey focused exclusively on a sample of customers that had used a single communication-channel touchpoint?[A touchpoint is a single interaction between a customer and the pension plan, such as a call to the contact center.]	Yes	n/a	n/a	38% Yes / 25% No / 38% n/a				10	36% Yes / 8% No / 56% n/a				22
b1. Telephone call													
b1a. Satisfaction / Net Promoter Score (NPS)	Yes	Yes	Yes	56% Yes / 6% No / 38% n/a				10	64% Yes / 8% No / 28% n/a				36
b1b. Effort	n/a	No	n/a	25% Yes / 6% No / 69% n/a				5	24% Yes / 16% No / 60% n/a				20
b1c. What was the longest possible time in days between the activity/ journey end and the survey?	1	14	14	60	1	0	11	8	365	1	0	18	33
b1d. Can you break down results by service agent?	Yes	Yes	Yes	50% Yes / 0% No / 50% n/a				8	52% Yes / 4% No / 44% n/a				28
b1e. Can you break down the survey results by topic or journey covered?	Yes	Yes	No	38% Yes / 0% No / 63% n/a				6	44% Yes / 6% No / 50% n/a				25
b2. Website visit - secure member area													
b2a. Satisfaction / Net Promoter Score (NPS)	n/a	No	n/a	38% Yes / 0% No / 63% n/a				6	40% Yes / 8% No / 52% n/a				24
b2b. Effort	n/a	No	n/a	13% Yes / 6% No / 81% n/a				3	20% Yes / 10% No / 70% n/a				15
b2c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	60	0	0	11	6	90	3	0	13	21

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b2e. Can you break down the survey results by topic or journey covered?	n/a	n/a	n/a	25% Yes / 0% No / 75% n/a				4	28% Yes / 2% No / 70% n/a				15
b3. Website - public area													
b3a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	18% Yes / 0% No / 82% n/a				9
b3b. Effort	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	10% Yes / 0% No / 90% n/a				5
b3c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	365	1	0	91	9
b3e. Can you break down the survey results by topic or journey covered?	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	10% Yes / 0% No / 90% n/a				5
b4. 4-on-4 counseling													
b4a. Satisfaction / Net Promoter Score (NPS)	Yes	Yes	Yes	63% Yes / 0% No / 38% n/a				10	60% Yes / 6% No / 34% n/a				33
b4b. Effort	n/a	No	n/a	25% Yes / 6% No / 69% n/a				5	18% Yes / 16% No / 66% n/a				17
b4c. What was the longest possible time in days between the activity/ journey end and the survey?	1	10	0	14	1	0	3	9	30	1	0	5	31
b4d. Can you break down results by service agent?	Yes	Yes	Yes	56% Yes / 0% No / 44% n/a				9	48% Yes / 4% No / 48% n/a				26
b4e. Can you break down the survey results by topic or journey covered?	Yes	Yes	Yes	44% Yes / 0% No / 56% n/a				7	42% Yes / 4% No / 54% n/a				23
b5. Presentation or group counseling session													
b5a. Satisfaction / Net Promoter Score (NPS)	Yes	Yes	Yes	63% Yes / 0% No / 38% n/a				10	70% Yes / 0% No / 30% n/a				35
b5b. Effort	n/a	No	n/a	25% Yes / 6% No / 69% n/a				5	20% Yes / 14% No / 66% n/a				17
b5c. What was the longest possible time in days between the activity/ journey end and the survey?	1	0	0	14	0	0	2	10	30	1	0	3	37
b5d. Can you break down results by service agent?	Yes	Yes	Yes	63% Yes / 0% No / 38% n/a				10	70% Yes / 2% No / 28% n/a				36
b6. Email													
b6a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	6% Yes / 0% No / 94% n/a				1	4% Yes / 0% No / 96% n/a				2
b6b. Effort	n/a	n/a	n/a	6% Yes / 0% No / 94% n/a				1	2% Yes / 0% No / 98% n/a				1
b7. Live chat													
b7a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	0% Yes / 0% No / 100% n/a				0
b7b. Effort	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	0% Yes / 0% No / 100% n/a				0
b8. Social media													
b8a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	0% Yes / 0% No / 100% n/a				0
b8b. Effort	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	0% Yes / 0% No / 100% n/a				0

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
b9. Member statements														
b9a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	6%	0%	94%	n/a	1	4%	0%	96%	n/a	2	
b9b. Effort	n/a	n/a	n/a	0%	0%	100%	n/a	0	0%	0%	100%	n/a	0	
b10. Targeted communication (letters, newsletters, etc.)														
b10a. Satisfaction / Net Promoter Score (NPS)	Yes	n/a	n/a	6%	0%	94%	n/a	1	6%	0%	94%	n/a	3	
b10b. Effort	n/a	n/a	n/a	0%	0%	100%	n/a	0	0%	0%	100%	n/a	0	
Did you send a survey focused exclusively on a single life event or journey? [Journeys revolve around life events that may result in a single or multiple interactions with the pension plan. For example, when a new member joins the plan, the plan may proactively welcome the member who, in turn, may visit the website, call a service agent and sign up to the secure member area, etc.]	Yes	No	n/a	63%	19%	19%	n/a	13	56%	26%	18%	n/a	41	
Member Journeys														
c1. New to the pension plan														
c1a. Satisfaction / Net Promoter Score (NPS)	Yes	n/a	n/a	19%	6%	75%	n/a	4	20%	12%	68%	n/a	16	
c1b. Effort	n/a	n/a	n/a	0%	0%	100%	n/a	0	8%	8%	84%	n/a	8	
c1c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	90	22	5	35	4	
c2. Leaving the pension plan														
c2a. Satisfaction / Net Promoter Score (NPS)	Yes	n/a	n/a	25%	6%	69%	n/a	5	16%	10%	74%	n/a	13	
c2b. Effort	n/a	n/a	n/a	19%	6%	75%	n/a	4	14%	14%	72%	n/a	14	
c2c. What was the longest possible time in days between the activity/ journey end and the survey?	1	n/a	n/a	60	4	1	17	4	60	7	1	19	9	
c3. Leave of absence														
c3a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	0%	6%	94%	n/a	1	8%	12%	80%	n/a	10	
c3b. Effort	n/a	n/a	n/a	0%	13%	88%	n/a	2	8%	20%	72%	n/a	14	
c3c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	56	19	5	25	4	
c4. Divorce and separation														
c4a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	6%	6%	88%	n/a	2	4%	14%	82%	n/a	9	
c4b. Effort	n/a	n/a	n/a	0%	13%	88%	n/a	2	6%	22%	72%	n/a	14	

Survey Question	Your Response				Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
c4c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	30	30	30	30	1	30	22	7	20	4	
c5. Disability														
c5a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	31% Yes / 6% No / 63% n/a				6	34% Yes / 8% No / 58% n/a				21	
c5b. Effort	n/a	n/a	n/a	19% Yes / 6% No / 75% n/a				4	20% Yes / 14% No / 66% n/a				17	
c5c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	90	35	1	40	4	365	30	0	59	16	
c6. Planning for retirement														
c6a. Satisfaction / Net Promoter Score (NPS)	Yes	n/a	n/a	50% Yes / 0% No / 50% n/a				8	44% Yes / 0% No / 56% n/a				22	
c6b. Effort	n/a	n/a	n/a	38% Yes / 0% No / 63% n/a				6	32% Yes / 10% No / 58% n/a				21	
c6c. What was the longest possible time in days between the activity/ journey end and the survey?	1	n/a	n/a	45	30	1	23	7	90	30	0	25	23	
c7. Planning for loved ones														
c7a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	6% Yes / 6% No / 88% n/a				2	18% Yes / 8% No / 74% n/a				13	
c7b. Effort	n/a	n/a	n/a	6% Yes / 13% No / 81% n/a				3	16% Yes / 16% No / 68% n/a				16	
c7c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	50	50	50	50	1	84	23	0	28	8	
c8. Retired life														
c8a. Satisfaction / Net Promoter Score (NPS)	Yes	n/a	n/a	19% Yes / 6% No / 75% n/a				4	18% Yes / 4% No / 78% n/a				11	
c8b. Effort	n/a	n/a	n/a	6% Yes / 13% No / 81% n/a				3	6% Yes / 16% No / 78% n/a				11	
c8c. What was the longest possible time in days between the activity/ journey end and the survey?	1	n/a	n/a	1	1	1	1	1	30	7	0	14	7	
c9. Other (describe): n/a														
Employer journeys:														
d1. New to the pension plan														
d1a. Satisfaction / Net Promoter Score (NPS)	n/a	n/a	n/a	6% Yes / 0% No / 94% n/a				1	4% Yes / 0% No / 96% n/a				2	
d1b. Effort	n/a	n/a	n/a	0% Yes / 0% No / 100% n/a				0	4% Yes / 4% No / 92% n/a				4	
d1c. What was the longest possible time in days between the activity/ journey end and the survey?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	35	21	7	21	2	
d2. Other (describe): n/a														

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
<b>Feedback measurement</b>													
114 Indicate whether you have targets for any of the following member experience metrics:													
a) Member satisfaction or Net Promoter Scores? Measures member satisfaction, e.g.: "How would you rate your satisfaction with the [service you received/pension plan]?" or "How likely is it that you would recommend [the service] to a friend or colleague?"	Yes	n/a	n/a	63% Yes / 13% No / 25% n/a				12	54% Yes / 12% No / 34% n/a				33
b) Member effort? Measures how much effort members must exert to complete a task, e.g.: "How easy was it for you to complete [the task]?"	No	n/a	n/a	25% Yes / 50% No / 25% n/a				12	24% Yes / 38% No / 38% n/a				31
c) Other? n/a	No	n/a	n/a	19% Yes / 56% No / 25% n/a				12	20% Yes / 46% No / 34% n/a				33
d) If yes to any of the above, are the targets approved by the Board?	Yes	n/a	n/a	44% Yes / 25% No / 31% n/a				11	38% Yes / 22% No / 40% n/a				30
115 Do all, most, some or none of your member experience surveys include open-ended questions that allow members to provide qualitative feedback? If all or most:	All	n/a	n/a	56% All / 6% None / 19% Some / 19% n/a				13	46% All / 13% None / 17% Some / 24% n/a				38
a) Do you summarize feedback from members who rate their experience as:													
a1) Negative?	Yes	n/a	n/a	56% Yes / 19% No / 25% n/a				12	52% Yes / 10% No / 38% n/a				31
a2) Positive or neutral?	Yes	n/a	n/a	56% Yes / 19% No / 25% n/a				12	50% Yes / 12% No / 38% n/a				31
b) Do you have a process to contact members who participated in your survey to resolve issues or clarify feedback?	Yes	n/a	n/a	50% Yes / 25% No / 25% n/a				12	44% Yes / 18% No / 38% n/a				31
c) Is there an option in your surveys for members to request a call to discuss their feedback?	No	n/a	n/a	44% Yes / 31% No / 25% n/a				12	30% Yes / 30% No / 40% n/a				30
In your most recent fiscal year, did you solicit qualitative feedback from members via:													
a) In-depth, 1-on-1 interviews?	No	n/a	n/a	19% Yes / 69% No / 13% n/a				14	24% Yes / 48% No / 28% n/a				36
b) Notes from front-line employees on their interactions with members?	Yes	n/a	n/a	13% Yes / 75% No / 13% n/a				14	24% Yes / 48% No / 28% n/a				36
c) Focus groups, or customer arenas?	Yes	n/a	n/a	25% Yes / 63% No / 13% n/a				14	26% Yes / 46% No / 28% n/a				36



Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
Customer arenas are similar to focus groups. Both involve a group of members who jointly provide feedback. The difference is that in customer arenas your front-line employees also attend the feedback session.													
d) Usability tests? Usability tests are a method of soliciting feedback on the functionality of digital tools (e.g., website, calculator, web chat, mobile app, etc.) by asking members to complete tasks.	No	n/a	n/a	6% Yes / 81% No / 13% n/a				14	18% Yes / 54% No / 28% n/a				36
e) Other methods? n/a	No	n/a	n/a	6% Yes / 81% No / 13% n/a				14	14% Yes / 58% No / 28% n/a				36
<b>Feedback management</b>													
117 Do you compile member feedback reports with quantitative and/or qualitative feedback on a regular basis for: Only answer 'yes' to the questions below if the answer is 'yes' for the majority of each employee group. Quantitative scores (yes, no)													
a) Front-office employees that interact with members?	No	n/a	n/a	38% Yes / 50% No / 13% n/a				14	36% Yes / 36% No / 28% n/a				36
b) Back-office employees that support front-office employees?	No	n/a	n/a	25% Yes / 63% No / 13% n/a				14	24% Yes / 48% No / 28% n/a				36
c) Executives and senior management?	No	n/a	n/a	25% Yes / 63% No / 13% n/a				14	30% Yes / 42% No / 28% n/a				36
d) The Board?	No	n/a	n/a	25% Yes / 63% No / 13% n/a				14	30% Yes / 42% No / 28% n/a				36
Qualitative feedback (yes, no)													
a) Front-office employees that interact with members?	No	n/a	n/a	31% Yes / 56% No / 13% n/a				14	32% Yes / 40% No / 28% n/a				36
b) Back-office employees that support front-office employees?	No	n/a	n/a	19% Yes / 69% No / 13% n/a				14	18% Yes / 54% No / 28% n/a				36
c) Executives and senior management?	No	n/a	n/a	25% Yes / 63% No / 13% n/a				14	26% Yes / 46% No / 28% n/a				36
d) The Board?	No	n/a	n/a	19% Yes / 69% No / 13% n/a				14	18% Yes / 54% No / 28% n/a				36
118 Do you use a statistical 'driver model' to help prioritize service improvements? A driver model uses statistics to analyze member feedback to quantify what service factors drive excellent and poor member experience.	Yes	n/a	n/a	25% Yes / 69% No / 6% n/a				15	24% Yes / 56% No / 20% n/a				40
119 Do you track the number of interactions for each individual member via:													
a) Calls?	Yes	n/a	n/a	44% Yes / 44% No / 13% n/a				14	42% Yes / 30% No / 28% n/a				36

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
b) Emails?	Yes	n/a	n/a	38% Yes / 50% No / 13% n/a					14	44% Yes / 28% No / 28% n/a					36
c) Live chat?	n/a	n/a	n/a	6% Yes / 25% No / 69% n/a					5	8% Yes / 20% No / 72% n/a					14
d) 1-on-1 counseling?	Yes	n/a	n/a	63% Yes / 25% No / 13% n/a					14	46% Yes / 22% No / 32% n/a					34
e) If yes, for any of the above, can the interactions be easily summarized by life-event journey (e.g., retirement, disability, divorce, etc.) for each individual member ?	No	n/a	n/a	25% Yes / 38% No / 38% n/a					10	28% Yes / 28% No / 44% n/a					28
120 Do you track the use of digital tools (e.g., secure website pension calculator, etc.) by individual member?	Yes	n/a	n/a	31% Yes / 56% No / 13% n/a					14	38% Yes / 34% No / 28% n/a					36
121 Do you have a workflow system that provides service agents with real time information about each member's:															
a) Status of open items?	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a					16	92% Yes / 6% No / 2% n/a					49
b) Interactions via calls and email?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a					16	70% Yes / 28% No / 2% n/a					49
c) Use of digital tools (e.g., the pension calculator in the secure area of the website, etc.)?	Yes	n/a	n/a	38% Yes / 50% No / 13% n/a					14	32% Yes / 40% No / 28% n/a					36
122 Do you have cross-functional teams focused on improving member experience for a single member journey? A cross-functional team is a team of employees from various front-office and back-office departments tasked to improve a single member journey, such as the retirement or disability process.	Yes	n/a	n/a	25% Yes / 69% No / 6% n/a					15	40% Yes / 40% No / 20% n/a					40
<b>Member experience reporting</b>															
123 In your most recent fiscal year, did you inform members about improvements that were made based on their feedback via:															
a) Annual report?	No	n/a	n/a	31% Yes / 56% No / 13% n/a					14	28% Yes / 44% No / 28% n/a					36
b) Newsletters or magazines?	Yes	n/a	n/a	38% Yes / 50% No / 13% n/a					14	38% Yes / 34% No / 28% n/a					36
c) 1-on-1 calls?	No	n/a	n/a	13% Yes / 75% No / 13% n/a					14	20% Yes / 52% No / 28% n/a					36
d) Other? LACERA website posts new features for member use.	Yes	n/a	n/a	31% Yes / 56% No / 13% n/a					14	22% Yes / 50% No / 28% n/a					36
<b>Plan Design</b>															
Plan Characteristics															
124 Indicate 'yes' if your employers/ member groups can be described as the following (indicate all that apply):															

Survey Question	Your Response			Peers 2020				All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
a) Is your membership limited to a city or county?	Yes	Yes	Yes	13% Yes / 88% No / 0% n/a				16	8% Yes / 88% No / 4% n/a					48
b) Participating Local Employers (i.e., municipalities have a choice in participating in your plan)?	No	No	No	63% Yes / 38% No / 0% n/a				16	54% Yes / 42% No / 4% n/a					48
c) State, Province, Country?	No	No	No	75% Yes / 25% No / 0% n/a				16	72% Yes / 24% No / 4% n/a					48
d) Teachers?	No	No	No	75% Yes / 25% No / 0% n/a				16	62% Yes / 34% No / 4% n/a					48
e) School Employees (Custodians, Admin. Staff)?	No	No	No	81% Yes / 19% No / 0% n/a				16	70% Yes / 26% No / 4% n/a					48
f) Safety (Police, Fire, Sheriff's Dept, etc) ?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	64% Yes / 32% No / 4% n/a					48
g) Other (Judges, Legislators, etc)?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	60% Yes / 36% No / 4% n/a					48
h) Corporate?	No	No	No	0% Yes / 100% No / 0% n/a				16	4% Yes / 92% No / 4% n/a					48
i) Industry?	No	No	No	6% Yes / 94% No / 0% n/a				16	12% Yes / 88% No / 0% n/a					50
i1) If Industry, describe the industry: n/a														
125 Which of the following descriptions best describes the non-optional benefit plans that you administer for each of your member groups:  A plan is non-optional if members must participate in it, or choose between it and alternatives. Do not include membership in benefit plans that are supplemental and optional such as deferred compensation 457, 403B or 401(k) plans. Do not include plans administered by a 3rd party.														
a) Traditional Defined Benefit ("DB")?	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	96% Yes / 4% No / 0% n/a					50
b) DB Cash Balance (aka Money Purchase)?	No	No	No	6% Yes / 94% No / 0% n/a				16	6% Yes / 94% No / 0% n/a					50
c) Hybrid DB/ DC Cash Balance?	No	No	No	6% Yes / 94% No / 0% n/a				16	4% Yes / 96% No / 0% n/a					50
d) Hybrid DB/ Money Match?	No	No	No	6% Yes / 94% No / 0% n/a				16	4% Yes / 92% No / 4% n/a					48
e) DROP savings?	No	No	No	6% Yes / 94% No / 0% n/a				16	10% Yes / 86% No / 4% n/a					48
f) Defined Contribution ("DC")?	No	No	No	13% Yes / 88% No / 0% n/a				16	18% Yes / 82% No / 0% n/a					50
g) Hybrid DB/ DC?	No	No	No	25% Yes / 75% No / 0% n/a				16	24% Yes / 76% No / 0% n/a					50
h) Other (describe)? n/a	No	No	No	6% Yes / 94% No / 0% n/a				16	6% Yes / 94% No / 0% n/a					50
126 Do members in any of your defined benefit plan(s) have the option of electing: [These questions are not applicable for DC plans or the DC portion of hybrid DB/DC plans]														

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
a) A 'variable investment option' that can increase or decrease the value of a member's future DB pension depending on the investment performance of a 'variable fund'?	No	No	No	13% Yes / 88% No / 0% n/a					16	6% Yes / 90% No / 4% n/a					48
b) A 'pension savings overlay'? [Some Dutch systems have this option. The additional contributions are converted into an annuity at retirement. Interest is based on a fixed percentage or on the performance of the pension fund.]	No	No	No	6% Yes / 94% No / 0% n/a					16	10% Yes / 86% No / 4% n/a					48
c) To change their contribution rate in order to get either more money at retirement or earlier eligibility to retire?	No	No	No	13% Yes / 88% No / 0% n/a					16	4% Yes / 92% No / 4% n/a					48
127 Do you have a Highly Compensated Employee replacement benefit program for employees that exceed legal or contractual limits of maximum pensionable earnings?	Yes	Yes	Yes	56% Yes / 44% No / 0% n/a					16	60% Yes / 36% No / 4% n/a					48
128 Are any of the following activities administered by a third party:															
a) DB administration?	No	No	No	0% Yes / 100% No / 0% n/a					16	10% Yes / 90% No / 0% n/a					50
b) DC administration?	n/a	n/a	n/a	31% Yes / 44% No / 25% n/a					12	36% Yes / 32% No / 32% n/a					34
c) Pensioner data maintenance?	No	No	No	6% Yes / 94% No / 0% n/a					16	12% Yes / 88% No / 0% n/a					50
d) Active member data maintenance?	No	No	No	6% Yes / 94% No / 0% n/a					16	10% Yes / 90% No / 0% n/a					50
e) Contribution collection?	No	No	No	6% Yes / 94% No / 0% n/a					16	10% Yes / 90% No / 0% n/a					50
f) Disability decisions?	Yes	Yes	Yes	38% Yes / 63% No / 0% n/a					16	38% Yes / 60% No / 2% n/a					49
129 Which of the following programs do you offer to members AND administer yourself? [i.e., design, enrolment, premium collection]															
a) Pre-retirement health?	No	No	No	6% Yes / 94% No / 0% n/a					16	8% Yes / 88% No / 4% n/a					48
b) Post-retirement health?	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a					16	22% Yes / 74% No / 4% n/a					48
c) Pre-retirement dental and vision?	No	No	No	0% Yes / 100% No / 0% n/a					16	2% Yes / 94% No / 4% n/a					48
d) Post-retirement dental and vision?	Yes	Yes	Yes	19% Yes / 81% No / 0% n/a					16	14% Yes / 82% No / 4% n/a					48
e) Long-term care insurance?	No	No	No	13% Yes / 88% No / 0% n/a					16	6% Yes / 90% No / 4% n/a					48
f) Loans to members?	No	No	No	13% Yes / 88% No / 0% n/a					16	10% Yes / 86% No / 4% n/a					48
g) Optional tax deferred savings plans? [i.e., 457, 403, 401k, 401a, etc.]	No	No	No	25% Yes / 75% No / 0% n/a					16	22% Yes / 74% No / 4% n/a					48
h) Optional insurance? [i.e., life and/or auto and/or home]	No	No	No	0% Yes / 100% No / 0% n/a					16	12% Yes / 84% No / 4% n/a					48
i) Other (describe)?	No	No	No	13% Yes / 88% No / 0% n/a					16	22% Yes / 74% No / 4% n/a					48

Survey Question	Your Response				Peers 2020				All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
n/a														
n/a														
n/a														
130 Is your organization directly responsible for both investments and pension administration?	Yes	Yes	Yes					75% Yes / 25% No / 0% n/a	16				64% Yes / 36% No / 0% n/a	50
131 Does your board have an organization separate from the plan administrator that supports the Board and helps oversee the administrator? [This separate organization may also be responsible for public relations and select administrative duties and projects such as designing communication materials.]	No	No	No					0% Yes / 100% No / 0% n/a	16				16% Yes / 84% No / 0% n/a	50
132 Does your board have the power on its own to approve your operating budget? [i.e., your budget does not also have to be approved by a separate government representative, such as the Treasury, Legislature, Governor, Minister, General Assembly, etc.]	Yes	Yes	Yes					50% Yes / 50% No / 0% n/a	16				44% Yes / 50% No / 6% n/a	47
Paying Pension Rules														
133 Do you make payments to annuitants that are accounted for separately from the normal pension? [For example : • Some systems permit employers to supplement the normal pension of their retirees. The pension fund collects the supplement from the employer and pays it on behalf of the employer. • At some Dutch systems contributions to the normal retirement pension are required by the pensioner during early retirement. These contributions are often reimbursed to the pensioner. The accounting and the member's payment advice shows 2 different payments (the pension + the reimbursement) and 1 collection (the required contribution).]	Yes	Yes	Yes					38% Yes / 63% No / 0% n/a	16				40% Yes / 56% No / 4% n/a	48
134 Do you: a) Check income of non-disabled pensioners? [For most systems this does not apply. At a few systems, if a pensioner's income from other sources exceeds a certain amount, his/her pension could be stopped or reduced.]	No	No	No					38% Yes / 63% No / 0% n/a	16				42% Yes / 54% No / 4% n/a	48

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b) Check income of disabled members after they have started receiving disability payments?	No	No	No	81% Yes / 19% No / 0% n/a				16	62% Yes / 28% No / 10% n/a				45
c) Check school status? [For example, some systems will check that a dependent beneficiary is still eligible to receive a survivor pension benefit.]	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	54% Yes / 42% No / 4% n/a				48
d) Do proof-of-life checks that require individual annuitants to provide affidavits or notarization or similar proof of life?	Yes	Yes	Yes	81% Yes / 19% No / 0% n/a				16	84% Yes / 12% No / 4% n/a				48
e) Provide written confirmations of pensioner income or member account balances to third-parties? [For example, provide confirmation of income or account value for loans or for social security or subsidized housing, etc.]	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	92% Yes / 4% No / 4% n/a				48
Payment Options													
135 Do you offer "joint and survivor" options that are:													
a) Reduced to Beneficiary Only? [For example, If the beneficiary dies first, then the retiree's pension continues at the same level. However if the retiree dies first then the beneficiary receives a reduced pension (such as 70% for spouse).]	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	72% Yes / 24% No / 4% n/a				48
b) Reduced to Last Survivor? [For example, if either the retiree or beneficiary dies the survivor receives a reduced pension (such as 70%, etc.).]	No	No	No	25% Yes / 75% No / 0% n/a				16	22% Yes / 74% No / 4% n/a				48
c) "Reversion" or "Pop-up"? [For example, if the beneficiary dies first, the retiree's pension increases to an unmodified level. However, if the retiree dies first the pension does not increase for the surviving beneficiary (and it may decrease).]	No	No	No	81% Yes / 19% No / 0% n/a				16	64% Yes / 32% No / 4% n/a				48
136 Do you limit the number of Joint and Beneficiary or Survivor percentages (i.e., 100% Survivor, 50% Survivor, etc.)? If you permit an unlimited number of percentages, then your response should be no.	No	No	No	63% Yes / 38% No / 0% n/a				16	70% Yes / 26% No / 4% n/a				48
a) How many percentages do you permit?	n/a	n/a	n/a	8	3	2	4	10	91	3	1	7	35
137 Do any of your retirement formula for members explicitly subtract estimated Social Security (or CPP in Canada) when determining the benefit?	Yes	Yes	Yes	38% Yes / 63% No / 0% n/a				16	48% Yes / 48% No / 4% n/a				48
a) If yes, is this true for all of your members or are some pensions reduced to reflect Social Security and others not?	Some	Some	Some	0% All / 38% Some / 63% n/a				6	16% All / 32% Some / 52% n/a				24

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b) If yes, do you have a "Level Income" option for early retirees that pays a higher benefit prior to age 65 and then reduces the benefit at age 65 when social security (or CPP in Canada) starts to be paid?	Yes	Yes	Yes	38% Yes / 0% No / 63% n/a				6	44% Yes / 4% No / 52% n/a				24
138 Do you have "High/ Low" or "Low/High" options that are not tied to social security? [For example, a retiree might want higher payments for 10 years until a mortgage obligation is repaid, followed by lower payments.]	No	No	No	19% Yes / 81% No / 0% n/a				16	8% Yes / 88% No / 4% n/a				48
139 Do you offer "Annuity Certain" options? [For example, Annuity Certain options provide the annuitant with a monthly benefit for life. If the annuitant dies before a set guarantee period, monthly benefits continue to be paid to a beneficiary for the balance of the guarantee period.]	No	No	No	50% Yes / 50% No / 0% n/a				16	52% Yes / 44% No / 4% n/a				48
140 Do you have a designer option where members can design virtually any actuarially sound cash flow they choose? [Designer options need to be custom priced by an actuary.]	Yes	Yes	Yes	13% Yes / 88% No / 0% n/a				16	8% Yes / 88% No / 4% n/a				48
141 Can a member choose between a COLA protected and a non-COLA pension? [The only example we have seen provides a much higher FAS salary base for the non-COLA pension.]	No	No	No	0% Yes / 100% No / 0% n/a				16	6% Yes / 90% No / 4% n/a				48
142 Do you have a Deferred Retirement Option Plan ("DROP")? [This option allows eligible employees to receive payment of retirement benefits while continuing to work. These payments are usually deposited into a separate account, and the total accumulated value of this account is paid via lump sum to the employee on actual retirement.]	No	No	No	13% Yes / 88% No / 0% n/a				16	20% Yes / 76% No / 4% n/a				48
143 At retirement, can a member convert:													
a) Part of his benefit into a partial lump sum payment?	No	No	No	44% Yes / 56% No / 0% n/a				16	40% Yes / 56% No / 4% n/a				48
b) All of his benefit into a lump sum or commuted value payment? [That can be rolled over to another fund, or investment account, etc.]	No	No	No	19% Yes / 81% No / 0% n/a				16	24% Yes / 72% No / 4% n/a				48

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
144 Are members permitted to retire mid-month (in which case they receive a partial pension payment for the remainder of the month) or are they always assumed to retire on a set day (usually the first or the last day) of the month?	Any Day	Any Day	Any Day	50% Any Day / 50% Set Day / 0% n/a					16	38% Any Day / 58% Set Day / 4% n/a					48
145 How many mortality tables do you keep track of for determining joint and survivor or beneficiary options? [Most systems track only one table. But some systems calculate joint and survivor pensions using the mortality table that was in effect when the retiring member joined the system. Since mortality tables change from time to time, the result is that these systems are required to track numerous mortality tables.]  Cost of Living Adjustments	7	7	7	17	3	1	4	16	310	2	0	10	48		
146 How many different cost of living adjustment ("COLA") rule sets do you have for retired, and if applicable, inactive members? (These rule sets may be either contractual or legislated.) [Most systems have only one or none. Examples of different COLA rule sets that could apply to various member groups or grandfathered subsets of member groups include: 1. CPI uncapped 2. CPI capped at 2% without a carry forward; 3. CPI capped at 2% with a carry forward]	5	5	5	16	2	1	4	16	16	2	0	3	48		
147 Do you have: a) Cost of living adjustment ("COLA") clauses that carry forward inflation that exceeds a cap (versus no cap or no carry forward or no COLA etc.)? b) Conditional COLA based on the level of funding? c) Umbrella legislation that guarantees the purchasing power of an annuitants' pension will not fall below a certain level? [An example of such legislated protection is the PPPA in California.]	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a					16	24% Yes / 72% No / 4% n/a					48
	Yes	Yes	Yes	31% Yes / 69% No / 0% n/a					16	24% Yes / 72% No / 4% n/a					48
	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a					16	16% Yes / 80% No / 4% n/a					48
148 Do you have COLA clauses that increase the base pensionable earnings of inactive members? a) If yes, are these COLA increases the same as they are for annuitants?  Benefit Formulas	Yes	Yes	Yes	19% Yes / 81% No / 0% n/a					16	22% Yes / 74% No / 4% n/a					48
	Yes	Yes	Yes	13% Yes / 6% No / 81% n/a					3	16% Yes / 6% No / 78% n/a					11



Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
<p>149 How many different rule sets do you have that apply to member groups or subsets of a member group for qualifying for an unreduced retirement formula? [For example, one system has the following 3 rule sets that apply to its member groups and special subsets of its member groups.</p> <p>1. All public employees can get an unreduced retirement at 65 with 5 years of service, or at 60 with 20 years of service. (Even though there are two qualifying rules, it only counts as 1 rule set because the rules apply equally to all members.)</p> <p>2. Pre-1995 public employees can get an unreduced retirement at age 55 with 20 years of service.</p> <p>3. Teachers can get an unreduced retirement when age plus years of service equals 75.]</p>	8	8	8	21	5	1	7	16	91	6	1	10	48
<p>150 Can members retire earlier than the age required for an unreduced retirement formula? [For example, at one system an unreduced formula of 1.5% per year of service is available beginning at age 60. Members can retire earlier but the pension is reduced by 5% for each year earlier than age 60.]</p>	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	94% Yes / 2% No / 4% n/a			48	
<p>151 How many different salary definitions could apply in retirement formula calculations? [Examples of different salary definitions include:</p> <ul style="list-style-type: none"> <li>• Average of 3 final years' salary subject to raises not in excess of 10%;</li> <li>• Average of 3 best consecutive years' salary with no cap on raises;</li> <li>• Final 12 months salary.]</li> </ul>	2	2	2	22	3	1	6	16	22	3	1	5	48
<p>152 How many different 'formula percentage' rule sets could apply in unreduced retirement formulas? [For example, one system has the following three different 'formula percentage' rule sets:</p> <p>1. Fire and Police get 2.5% per year of service;</p> <p>2. Public Employees get 1.75% per year of service;</p> <p>3. Teachers get 1.8% for the first 5 years of service, 2.0% for the next 5 years of service and 2.3% per year of service thereafter.]</p>	7	7	7	21	5	2	7	16	91	4	1	8	48

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
<p>153 Do you have different employers with different benefit formula?</p> <p>If yes, which of the following happens when a member moves from one employer that you administer to another with a different benefit formula? [For example, moves from PERS to Law Enforcement.]</p> <p>a) Each system uses its own formula and salary data to determine the benefit.</p> <p>b) Each system applies its own formula but uses either the salary earned in the last system, or the highest salary (or salaries) in either system.</p> <p>c) The highest formula will apply.</p> <p>d) The formula of the plan where the member works last will apply.</p> <p>e) Other (describe).</p> <p>n/a</p> <p>External Reciprocity</p>	No	No	No	56% Yes / 44% No / 0% n/a					16	50% Yes / 46% No / 4% n/a					48
	n/a	n/a	n/a	25% Yes / 31% No / 44% n/a					9	26% Yes / 24% No / 50% n/a					25
	n/a	n/a	n/a	25% Yes / 31% No / 44% n/a					9	22% Yes / 28% No / 50% n/a					25
	n/a	n/a	n/a	6% Yes / 50% No / 44% n/a					9	4% Yes / 46% No / 50% n/a					25
	n/a	n/a	n/a	13% Yes / 44% No / 44% n/a					9	18% Yes / 32% No / 50% n/a					25
	n/a	n/a	n/a	6% Yes / 50% No / 44% n/a					9	10% Yes / 40% No / 50% n/a					25
<p>154 Do you have agreements with external systems where you both agree to use the member's final salary from the system where the member worked immediately prior to retirement in the benefit calculation? [Otherwise, each system pays the "dual" member a pension benefit based on its own rules for determining the benefit. Neither credit nor money are transferred between systems.]</p>	Yes	Yes	Yes	44% Yes / 56% No / 0% n/a					16	32% Yes / 64% No / 4% n/a					48
<p>155 Do you have agreements with external Systems where the member may combine internal and external credit to form one joint account?</p> <p>[The accounts remain separate until the member applies for a benefit, at which time either:</p> <ul style="list-style-type: none"> <li>• The System with the most service credit for that person is responsible for the combined account, or</li> <li>• The System where the member worked last is responsible.] <p>Service Credit Rules</p> </li></ul>	No	No	No	19% Yes / 81% No / 0% n/a					16	14% Yes / 82% No / 4% n/a					48
<p>156 How many different definitions do you have for a "full year" of service credit?</p> <p>[For example, a system could have:</p>	1	1	1	12	3	1	4	16	100	3	1	6	48		

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
<ul style="list-style-type: none"> <li>• One definition such as "more than 120 days = a year".</li> <li>• Or the following three definitions: 9 months = a year for state colleges, 10 months = a year for teachers and 12 months = a year for public employees.</li> <li>• Or the following three definitions: 182 days in school district A or B, 179 days in school district C and 180 days in all other school districts.</li> <li>• Or the following two definitions for hourly employees: 48 weeks of 40 hours per week versus 48 weeks of 36 hours per week.]</li> </ul>													
<p>157 Does your system have more than one payroll year for determining service credit? [For example, the teachers' year could be July - June with their service credit determined based on the time worked July - June and the public employees' year could be January to December with their service credit determined based on time worked January to December.]</p> <p>a) If yes, how many different payroll years exist in your system?</p>	No	No	No	25% Yes / 75% No / 0% n/a				16	32% Yes / 64% No / 4% n/a				48
	n/a	n/a	n/a	5	3	2	3	4	30	3	1	5	16
<p>158 How many different vesting periods do you have that apply to active members? [Your answer should be 0 if you have immediate vesting. Most North American systems have only one.]</p>	2	2	2	9	2	0	3	16	9	2	0	2	48
<p>159 Do you permit:</p> <p>a) Permanent part-time employees to be members? [An example of a permanent part-time employee is someone contracted to work 3 days a week.]</p> <p>b) Casual/ temporary/ intermittent/ seasonal employees to be members? [An example of a "temporary" employee is an infrequent substitute teacher.]</p>	Yes	Yes	Yes	94% Yes / 6% No / 0% n/a				16	92% Yes / 4% No / 4% n/a				48
	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a				16	66% Yes / 30% No / 4% n/a				48
<p>160 Are you sometimes asked by employers to determine the eligibility of members?</p>	No	No	No	94% Yes / 6% No / 0% n/a				16	88% Yes / 8% No / 4% n/a				48

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
[This can occur when a member works for multiple employers in your system or when there is unclear eligibility legislation. For example, a school bus driver may drive buses for multiple districts or counties at the same time. Based on time spent within each district the driver would be ineligible. However, based on the combined employment the driver may be eligible.]													
Service Credit Purchases													
161 Indicate each of the payment methods you permit for service credit purchases and upgrades:													
a) Rollover from tax qualified plans such as 401(a) or 401(k) or Conduit IRA or KEOGH in the US; or RRSP plans in Canada?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	96% Yes / 0% No / 4% n/a				48
b) Lump sum payments from members?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	96% Yes / 2% No / 2% n/a				49
c) Installment payments direct from members?	n/a	n/a	n/a	56% Yes / 38% No / 6% n/a				15	62% Yes / 34% No / 4% n/a				48
d) Installment payments via payroll deduction through employers?	Yes	Yes	Yes	31% Yes / 69% No / 0% n/a				16	54% Yes / 44% No / 2% n/a				49
162 How many different service credit purchase categories do you have with different definitions and/or eligibility requirements? [For example, some systems have multiple different categories with different definitions such as 'refunded prior service', 'sick leave', 'military service', etc. Other systems have a single category such as 'any previous work, any time, anywhere'.]	13	13	13	54	13	4	15	16	54	12	2	13	48
163 How many different service credit purchase calculation formula or methodologies do you have? [For example, one system has the following 4 different cost calculation formula: • Previously refunded contributions X the actuarial earnings rate.  • Salary X Contribution Rate (no interest) for active duty military service. • Salary X Contribution Rate X 5% per annum for out-of-state government, or private school teaching service • Actuarial Cost for up to 5 years of any non-government, non-teaching work done outside of the pension system.]	10	10	10	10	6	1	6	16	19	5	1	6	48
164 Are your service credit purchase rules (category definitions, eligibility requirements and calculation methodologies):													

Survey Question	Your Response			Peers 2020					All Participants 2020						
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
a) Essentially identical for all your members?	No	No	No	38% Yes / 63% No / 0% n/a					16	38% Yes / 56% No / 6% n/a					47
b) Similar for all member groups, albeit with some differences?	No	No	No	44% Yes / 56% No / 0% n/a					16	46% Yes / 50% No / 4% n/a					48
c) Very different for different member groups?	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a					16	16% Yes / 78% No / 6% n/a					47
Refunds, Transfers-out and Terminating Payments															
165 Do you pay a one-time death payment when a member, retiree or the retiree's beneficiary dies (separate from the survivor pension)?	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a					16	56% Yes / 40% No / 4% n/a					48
a) If yes, how many different one-time death payment rule sets do you have? [i.e., \$5,000, \$2,000 etc.]	8	8	8	8	3	1	4	12	8	4	1	4	28		
166 How many different refund formulas do you have? [For example, a few systems have different formulas for vested and non-vested members, or for different member groups.] Disability	2	2	2	7	2	1	2	16	8	2	1	3	48		
167 What happens to disabled members' benefits when they reach regular retirement age: a) No change (disabled member continues to receive the same disability payments. There are no new potential pension obligations.)?	Yes	Yes	Yes	75% Yes / 25% No / 0% n/a					16	72% Yes / 16% No / 12% n/a					44
b) Disabled members receive the greater of their current disability benefit or service retirement based on their service credit earned to the date of disability? [i.e., time on disability does not count as service credit]	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a					16	14% Yes / 76% No / 10% n/a					45
c) Disabled members receive service retirement (time on disability counts as eligible service credit)?	Yes	Yes	Yes	44% Yes / 56% No / 0% n/a					16	34% Yes / 56% No / 10% n/a					45
d) Other (describe)? n/a	No	No	No	38% Yes / 56% No / 6% n/a					15	20% Yes / 64% No / 16% n/a					42
168 Will you pay a disabled member that returns to work at a salary lower than he previously earned: a) The difference between his old salary (or his old disability benefit) and his new lower salary?	Yes	Yes	Yes	38% Yes / 63% No / 0% n/a					16	18% Yes / 64% No / 18% n/a					41
b) An amount that is potentially greater than the difference between his old salary and his new lower salary?	No	No	No	0% Yes / 100% No / 0% n/a					16	4% Yes / 78% No / 18% n/a					41
169 How do you determine whether a member qualifies for long-term disability/ disability pension:															

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
a) Follow the ruling of a government agency such as social security or worker's compensation?	No	No	No	19% Yes / 81% No / 0% n/a				16	12% Yes / 74% No / 14% n/a				43
b) Employer decides?	No	No	No	0% Yes / 94% No / 6% Some / 0% n/a				16	2% Yes / 82% No / 4% Some / 12% n/a				44
c) Process independent of social security, worker's compensation and employer decisions? [For example, many systems use independent internal processes or medical review boards or medical consultants.]	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	82% Yes / 4% No / 14% n/a				43
d) Other (describe)? n/a	No	No	No	19% Yes / 75% No / 6% n/a				15	14% Yes / 70% No / 16% n/a				42
170 Which of the following descriptions best describes the MINIMUM level of disability necessary to be eligible for a long-term disability/ disability pension: [If you have different plans with different definitions, choose the definition that applies to the largest number of cases.]													
a) Disabling injury or illness that prevents you from performing your current job duties (even though you might be able to perform other jobs) and expected to be permanent (or for some systems - persist longer than 6 or 12 months)?	Yes	Yes	Yes	56% Yes / 44% No / 0% n/a				16	54% Yes / 32% No / 14% n/a				43
b) Disabling injury or illness that prevents the member from performing current and 'other' jobs that he/she is qualified for and/or can become qualified to do in a reasonable period of time and expected to be permanent (or for some systems - persist longer than 6 or 12 months)? [Sometimes but not always the 'other job' is defined as not able to earn a certain level (i.e., 75%) of pre-disability earnings.]	No	No	No	13% Yes / 81% No / 6% n/a				15	14% Yes / 70% No / 16% n/a				42
c) Totally and permanently incapacitated and member is not reasonably expected to recover from disabling medical condition or not expected to ever work again?	No	No	No	31% Yes / 63% No / 6% n/a				15	22% Yes / 58% No / 20% n/a				40
d) Other (describe)? n/a	No	No	No	38% Yes / 56% No / 6% n/a				15	12% Yes / 68% No / 20% n/a				40
171 If you administer short-term disability:													
a) Are the short-term and long-term disability/ disability pension processes closely entwined? [i.e., difficult to distinguish between costs of long-term/disability pensions and short term disability, same staff do both, similar approval processes]	n/a	n/a	n/a	13% Yes / 0% No / 88% n/a				2	8% Yes / 6% No / 86% n/a				7

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
b) Are the disability definitions, other than the expected duration of disability, the same for both long-term and short-term disability? [For example, the only difference between the definition of long-term/ disability pensions and short-term disability at some systems is the disabling injury or illness is expected to last longer than 12 months for long-term.]	n/a	n/a	n/a	6% Yes / 6% No / 88% n/a				2	4% Yes / 10% No / 86% n/a				7
c) Are there materially different approval processes for short-term and long-term disability/ disability pensions?	n/a	n/a	n/a	6% Yes / 6% No / 88% n/a				2	6% Yes / 8% No / 86% n/a				7
172 How many different rule sets with different definitions or benefits do you have that apply to member groups or subsets of a member group for:													
a) Long-term disability/ disability pensions?	6	6	6	18	3	1	5	16	96	3	1	6	43
b) Short-term disability (if you administer it yourself)? [For example, some systems have different disability definitions or benefits for police and fire than they do for other public employees. Other systems have grandfathered disability rule sets that only apply to members hired prior to a certain date.]	n/a	n/a	n/a	2	2	2	2	2	2	1	0	1	7
173 Do you reduce payments if the member qualifies or receives:													
a) Disability social security?	No	No	No	31% Yes / 69% No / 0% n/a				16	26% Yes / 60% No / 14% n/a				43
b) Worker's compensation?	No	No	No	50% Yes / 50% No / 0% n/a				16	40% Yes / 44% No / 16% n/a				42
c) Other public funds (i.e., federal military disability)?	No	No	No	19% Yes / 81% No / 0% n/a				16	8% Yes / 76% No / 16% n/a				42
d) Income protection plans/other disability insurance?	No	No	No	19% Yes / 81% No / 0% n/a				16	8% Yes / 76% No / 16% n/a				42
e) Employer sick leave and annual leave pay?	No	No	No	31% Yes / 69% No / 0% n/a				16	16% Yes / 68% No / 16% n/a				42
f) Unemployment compensation?	No	No	No	19% Yes / 81% No / 0% n/a				16	12% Yes / 72% No / 16% n/a				42
g) Income from other employment?	No	No	No	69% Yes / 31% No / 0% n/a				16	44% Yes / 40% No / 16% n/a				42
h) Other (describe)?	No	No	No	19% Yes / 75% No / 6% n/a				15	18% Yes / 64% No / 18% n/a				41
n/a													
Pensionable Earnings													
174 Indicate which of the following forms of variable compensation are paid in your system. And, if paid, indicate whether all, some or none of that type of variable compensation is included in pensionable earnings.													

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
a) Bonuses?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	76% Yes / 20% No / 4% n/a			48	
b) Allowances, such as remote location pay or 'high risk' duty allowance or a car allowance?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a				16	80% Yes / 16% No / 4% n/a			48	
c) Overtime pay?	No	No	No	88% Yes / 13% No / 0% n/a				16	82% Yes / 14% No / 4% n/a			48	
d) Commissions or similar payments such as fees paid to sheriffs for process serving?	Yes	Yes	Yes	56% Yes / 44% No / 0% n/a				16	38% Yes / 58% No / 4% n/a			48	
If yes, is all, some or none of it included in pensionable earnings?													
a) Bonuses?	Some	Some	Some	13% All / 0% None / 56% Some / 31% n/a				11	12% All / 14% None / 50% Some / 24% n/a			38	
b) Allowances, such as remote location pay or 'high risk' duty allowance or a car allowance?	All	All	All	25% All / 6% None / 37% Some / 31% n/a				11	16% All / 14% None / 50% Some / 20% n/a			40	
c) Overtime pay?	n/a	n/a	n/a	56% All / 0% None / 31% Some / 13% n/a				14	44% All / 12% None / 26% Some / 18% n/a			41	
d) Commissions or similar payments such as fees paid to sheriffs for process serving?	All	All	All	19% All / 0% None / 37% Some / 44% n/a				9	14% All / 4% None / 20% Some / 62% n/a			19	
175 When determining a member's pensionable earnings does a cap on salary increases apply?	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a				16	46% Yes / 50% No / 4% n/a			48	
Customization Options													
176 Can either existing employers, or a new employer joining your system, choose:													
a) Whether they offer early retirement, or a window of early retirement?	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a				16	16% Yes / 80% No / 4% n/a			48	
b) Whether or not part-time employees are eligible?	No	No	No	13% Yes / 88% No / 0% n/a				16	8% Yes / 88% No / 4% n/a			48	
c) Whether employee contributions are paid pre or post tax?	No	No	No	31% Yes / 69% No / 0% n/a				16	20% Yes / 76% No / 4% n/a			48	
d) Whether they pay for employee contributions themselves, or not?	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	24% Yes / 72% No / 4% n/a			48	
e) Position coverage based on predetermined rule sets? [For example, employers can choose from a list of pre-determined rules sets such as 1.5% X FAS for General and 2.5% X FAS for Law Enforcement. Employers may have flexibility to determine eligibility for each group.]	No	No	No	13% Yes / 88% No / 0% n/a				16	10% Yes / 86% No / 4% n/a			48	
f) Contribution levels and/ or match rates? [For example, at Texas MRS, employers can choose employee deposit rates of 5%, 6% or 7% and employer match rates of 1 to 1, 1.5 to 1 or 2 to 1. We think this only applies to money match and DC plans because for DB plans the promised benefit determines the contribution.]	Yes	Yes	Yes	25% Yes / 75% No / 0% n/a				16	12% Yes / 84% No / 4% n/a			48	



Survey Question	Your Response				Peers 2020				All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#	
g) To pay for one-time improvements in retiree or member benefits? [For example, one fund's employers can elect to pay to improve the money purchase entitlement of their members.]	No	No	No	25% Yes / 75% No / 0% n/a				16	14% Yes / 82% No / 4% n/a					48
177 When new employers join your system, do they have the flexibility to customize any of the following items: If yes, indicate the number of standard choices for that item.														
a) Benefit program multipliers? [i.e., 2% per year of service, 2.5% per year of service, etc.]	No	No	No	6% Yes / 94% No / 0% n/a				16	2% Yes / 94% No / 4% n/a					48
b) Final salary definition? [i.e., Sick Leave in or out, Final 1 year, Highest 5 consecutive years, etc.]	No	No	No	13% Yes / 88% No / 0% n/a				16	4% Yes / 92% No / 4% n/a					48
c) Retirement eligibility rules? [i.e., age and/or years of service required to retire]	No	No	No	0% Yes / 100% No / 0% n/a				16	0% Yes / 96% No / 4% n/a					48
d) Cost of living adjustment rules? [i.e., CPI capped at 2%, CPI uncapped, etc]	No	No	No	6% Yes / 94% No / 0% n/a				16	6% Yes / 90% No / 4% n/a					48
e) Vesting period?	No	No	No	0% Yes / 100% No / 0% n/a				16	0% Yes / 96% No / 4% n/a					48
f) Service credit purchase categories?	No	No	No	13% Yes / 88% No / 0% n/a				16	8% Yes / 88% No / 4% n/a					48
g) Death benefit coverage? [i.e., one system has 3 choices: none, \$5,000 and \$10,000]	No	No	No	6% Yes / 94% No / 0% n/a				16	8% Yes / 88% No / 4% n/a					48
h) Disability coverage rules?	No	No	No	6% Yes / 94% No / 0% n/a				16	8% Yes / 88% No / 4% n/a					48
i) Choice as to whether and how contributions and benefits are coordinated with social security?	No	No	No	6% Yes / 94% No / 0% n/a				16	4% Yes / 92% No / 4% n/a					48
j) Other (describe)?	No	No	No	13% Yes / 88% No / 0% n/a				16	14% Yes / 82% No / 4% n/a					48
n/a														
If yes: # of standard options														
a) Benefit program multipliers? [i.e., 2% per year of service, 2.5% per year of service, etc.]	n/a	n/a	n/a	5	5	5	5	1	5	5	5	5	1	
b) Final salary definition? [i.e., Sick Leave in or out, Final 1 year, Highest 5 consecutive years, etc]	n/a	n/a	n/a	2	2	2	2	2	2	2	2	2	2	
c) Retirement eligibility rules? [i.e., age and/or years of service required to retire]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0	
d) Cost of living adjustment rules? [i.e., CPI capped at 2%, CPI uncapped, etc]	n/a	n/a	n/a	4	4	4	4	1	6	4	2	4	3	
e) Vesting period?	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0	
f) Service credit purchase categories?	n/a	n/a	n/a	10	6	2	6	2	10	2	2	4	4	
g) Death benefit coverage? [i.e., one system has 3 choices: none, \$5,000 and \$10,000]	n/a	n/a	n/a	6	6	6	6	1	6	2	2	3	4	

Survey Question	Your Response			Peers 2020					All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
h) Disability coverage rules?	n/a	n/a	n/a	4	4	4	4	1	4	2	2	3	4
i) Choice as to whether and how contributions and benefits are coordinated with social security?	n/a	n/a	n/a	2	2	2	2	1	2	2	1	2	2
j) Other (describe)?	n/a	n/a	n/a	30	16	1	16	2	30	3	1	6	7
178 Can an existing employer change any of the choices (per question 177 above), effectively creating a new or altered rule set, at any time?	No	No	No	13% Yes / 81% No / 6% n/a				15	22% Yes / 72% No / 6% n/a				47
Collections and Data Maintenance													
179 How many different contribution percentages do you collect from:													
a) Employers? [For example, single member group systems may have only one contribution percentage whereas some multi-plan systems may collect numerous different contribution rates from various participating employers.]	11	11	11	4,331	7	3	603	16	4,331	6	0	266	48
b) Members?	228	228	228	228	4	2	21	16	228	4	1	10	48
180 Which of the following payment methods for employee contributions occur in the plans that you administer:													
a) No employee contributions?	Yes	Yes	Yes	38% Yes / 63% No / 0% n/a				16	30% Yes / 66% No / 4% n/a				48
b) Employer pays his part and also the employee contributions?	No	No	No	56% Yes / 44% No / 0% n/a				16	44% Yes / 52% No / 4% n/a				48
c) Employer withholds employee contributions pre-tax from his salary?	Yes	Yes	Yes	100% Yes / 0% No / 0% n/a				16	92% Yes / 4% No / 4% n/a				48
d) Employer withholds employee contributions post-tax from his salary?	Yes	Yes	Yes	50% Yes / 50% No / 0% n/a				16	40% Yes / 56% No / 4% n/a				48
181 Do you have any other contributions in addition to the regular employee and employer contributions? [For example, Ohio SERS collects a surcharge for members who earn less than a minimum compensation amount.]	No	No	No	56% Yes / 44% No / 0% n/a				16	48% Yes / 48% No / 4% n/a				48
a) If yes, describe:	n/a												
182 Do you collect pension contributions from any members directly? [For example, Nurses in the Netherlands can continue to contribute to their pension even if they are inactive. Do not include optional contributions such as to 401k savings plans]	No	No	No	0% Yes / 100% No / 0% n/a				16	28% Yes / 68% No / 4% n/a				48

Survey Question	Your Response				Peers 2020					All Participants 2020					
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#		
183 Do members deal with you directly when selecting or changing DB plan options such as options to switch from core DB to DC or DROP plans, option to participate in variable investment option overlays, option to change their contribution rate, option to repair pension gaps, pre-retirement election options, etc.?	Yes	Yes	Yes	38% Yes / 56% No / 6% n/a					15	44% Yes / 42% No / 14% n/a					43
184 Are you required, by policy or by law, to actively seek out and initiate either a benefit or a refund for inactive vested members or inactive unvested members?  Billing and Inspection	Yes	Yes	Yes	88% Yes / 13% No / 0% n/a					16	88% Yes / 8% No / 4% n/a					48
185 Do you:															
a) Send a written advice to employers that inform them of their required contribution rates and then rely on each employer to pay the correct contributions?	Yes	Yes	Yes	69% Yes / 31% No / 0% n/a					16	66% Yes / 26% No / 8% n/a					46
b) Invoice employers in arrears based on actual member service and salary data?	No	No	No	63% Yes / 38% No / 0% n/a					16	50% Yes / 42% No / 8% n/a					46
c) Invoice employers in advance based on estimated member service and salary data, and then adjust based on actual experience?	No	No	No	13% Yes / 88% No / 0% n/a					16	14% Yes / 78% No / 8% n/a					46
186 How many times per year do you send invoices or 'advices' to each employer?  Divorce	1	1	1	47	2	0	10	16	47	1	0	9	46		
187 Choose the statement that best describes how divorce settlements for active members (or divorce decrees or QDROS, or QILDROS, or Division of Benefit Orders, etc.) impact your system. If you have different rules for different plans, choose the statement that applies to the largest number of cases.															
a) Minimal impact. Law prevents you from paying the pension to anybody except the member and the member's specified beneficiaries.	No	No	No	19% Yes / 81% No / 0% n/a					16	10% Yes / 86% No / 4% n/a					48
b) Minimal impact unless children are involved. With children you may be required to redirect payment.	No	No	No	0% Yes / 100% No / 0% n/a					16	0% Yes / 96% No / 4% n/a					48
c) A portion of the pension is paid to the ex-spouse, but ONLY when the member begins receiving benefits.	Yes	Yes	Yes	63% Yes / 38% No / 0% n/a					16	52% Yes / 44% No / 4% n/a					48

Survey Question	Your Response				Peers 2020				All Participants 2020				
	2020	2019	2018	Max	Med	Min	Avg	#	Max	Med	Min	Avg	#
d) A portion of the pension is paid to the ex-spouse. The ex-spouse can initiate the pension at a time different than the member provided that eligibility conditions are met.	No	No	No										
e) Other (describe)	No	No	No										
n/a													

## Appendix B - Foreign currency conversion

All currency amounts have been converted to USD using Purchasing Power Parity figures per the OECD. The table below shows the foreign exchange rates for the past 4 years.

Currency	Purchasing Power Parity <sup>1</sup>			
	2020	2019	2018	2017
United States Dollars - USD	1.000	1.000	1.000	1.000
Canada Dollars - CAD	0.832	0.832	0.801	0.794
Euro - EUR	1.400	1.400	1.427	1.338
Denmark Kroner - DKK	0.148	0.148	0.147	0.136
Sweden Kronor - SEK	0.112	0.112	0.113	0.110
United Kingdom Pounds - GBP	1.451	1.451	1.452	1.422
Australia Dollars - AUD	0.680	0.680	0.697	0.660

1. Source OECD Website, March 2020.

## Appendix C - Activity definitions

### 1. Member Transactions

<p>1a. Pension Payments</p>	<p>1. Paying (but not incepting) annuity pensions for disability, early and normal retirees and their survivors, including:</p> <ul style="list-style-type: none"> <li>• EFT processing.</li> <li>• Check processing and postage.</li> <li>• Resolving failed, misdirected and lost payments.</li> <li>• Paying, but not calculating, adjustments to pensions. For example, many systems pay retroactive adjustments to pensions initiated based on incomplete data.</li> <li>• Collecting overpayments.</li> <li>• The processing of return payments from annuitants.</li> <li>• Stopping pension payments upon the death of an annuitant.</li> </ul> <p>2. Processing deductions from the gross pension payment. For example:</p> <ul style="list-style-type: none"> <li>• Processing and paying taxes and other governmental deductions, such as social security.</li> <li>• Processing legally required deductions such as liens on wages ordered by a judge.</li> <li>• Processing and effecting payment of optional deductions that the member can request, such as for health care or optional life insurance or union dues.</li> <li>• Processing and mailing of check stubs or EFT payment advices.</li> <li>• Processing and mailing of annual tax receipts to annuitants.</li> <li>• Keeping track of the rules and regulations for deductions.</li> </ul> <p>3. Confirming payment eligibility. This includes:</p> <ul style="list-style-type: none"> <li>• Cross referencing pension payrolls with death records.</li> <li>• Obtaining proof that someone is alive.</li> <li>• Checking eligibility.</li> </ul> <p>If a sister organization performs any of the above tasks, then the costs incurred by the sister organization should be included here and in your Total Costs.</p> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Maintaining banking, address and beneficiary data for retirees. These belong in 3c Data Not from Employers.</li> <li>• The work of inflation adjustments. It belongs in 1b Pension Inceptions.</li> </ul>
<p>1b. Pension Inceptions</p>	<p>1. New annuitants: calculating, finalizing and arranging annuity pensions to new payees (i.e., early and normal service retirements, death in-service or on-pension resulting in annuity payments to spouse or dependents, divorce that results in new annuity pension streams). Exclude disability inceptions (except Dutch systems). Disability belongs in 1e Disability.</p> <p>2. Changes to gross amount of pensions (excluding disability pensions) including:</p> <ul style="list-style-type: none"> <li>• Adjusting pensions that were initiated based on incomplete or estimated data.</li> <li>• Reducing the annuity payment when pensioner begins receiving social security (NL: AOW, Canada: CPP).</li> <li>• Cost of living adjustments for pensioners.</li> <li>• Last survivor options that reduce the amount paid to the pensioner when a spouse dies.</li> <li>• High/Low construction: Reducing the gross annuity paid from the "High" amount to the "Low" amount.</li> <li>• Pop-up options that increase the amount paid to the pensioner if spouse dies first.</li> <li>• Redesign of the payment option (such as changing from 0% survivor to 50% survivor) at request of the annuitant.</li> </ul> <p>3. Time spent by the pension inception team on appeals about annuity pension inceptions. Exclude time and cost of legal staff or external legal counsel. Legal costs belong in 7d Legal and Rule Interpretation.</p>

## Appendix C - Activity definitions

<p>1c. Withdrawals, Refunds, Transfers-out</p>	<p>Payments that terminate your relationship with a member including:</p> <ul style="list-style-type: none"> <li>• Withdrawals and Refunds of contributions.</li> <li>• Lump sum and commuted value payments.</li> <li>• Pre-retirement death that results in a final payment (refund, commuted value, death payment).</li> <li>• One time death payments that are supplemental to the annuity payments. Do not include the cost of paying or stopping the final pension payment which belong in 1a Pension Payments.</li> <li>• Hardship withdrawals (including partials).</li> <li>• Excess contribution refunds (For example, 50% Rule Refunds in Canada).</li> <li>• Individual rollovers of DB monies to internal DC accounts which effectively terminate the DB pension entitlement.</li> <li>• Individual transfers-out of monies to authorized external systems.</li> <li>• Collective transfers-out when an employer exits your system.</li> </ul> <p>The activity also includes:</p> <ul style="list-style-type: none"> <li>• Providing written estimates of refunds and transfers-out (do not include estimates for Lump Sums and Commuted Value Payments which belong in 2e Written Pension Estimates).</li> <li>• Calculating, arranging and making estimated and final payments.</li> <li>• Related tax deductions, filings and reporting sent to members and tax authorities.</li> <li>• Reminders to speed up processing by external parties.</li> <li>• Collecting overpayments of lump sums or other terminating payments.</li> </ul>
<p>1d. Purchases and Transfers-in</p>	<ul style="list-style-type: none"> <li>• Service credit purchases for refunded past service, military service, etc.</li> <li>• Purchases that provide members with additional pensionable salary.</li> <li>• Individual transfers-in/ rollover of monies from external retirement systems.</li> <li>• Collective transfers-in such as when a new employer is merged into your system.</li> </ul> <p>The activity also includes:</p> <ul style="list-style-type: none"> <li>• Providing formal written estimates of purchases and transfers-in/ rollovers.</li> <li>• Posting purchases and applying payments.</li> <li>• Receiving purchase payments.</li> <li>• Related tax reporting sent to members and tax authorities.</li> <li>• Purchases applicant dealing directly with the Purchase division, subsequent to an initial request for a purchase.</li> </ul>
<p>1e. Disability</p>	<p>Include only if you are responsible for the administration of non-optional long term disability, and/ or short term disability. Includes:</p> <ul style="list-style-type: none"> <li>• Written disability estimates.</li> <li>• Disability approval process.</li> <li>• Applications and inception.</li> <li>• Disability appeals and complaints, provided that they are not handled by your legal staff or external legal counsel. Legal costs belong in 7d Legal Rule Interpretation.</li> <li>• Monitoring and reviewing disabled pensioners and/ or temporarily disabled members for continuing entitlement, including checks on income and medical reviews.</li> <li>• Checks on eligibility of disability payments.</li> <li>• Rehabilitation of disability recipients (very few systems perform this activity).</li> <li>• Medical assessment reviews of new hires for eligibility for death and disability benefits.</li> </ul> <p>Do not include if disability is an optional benefit for members. Instead include in 1g Optional and Third Party Administered Benefits.</p> <p>Do not include insurance costs. If an insurance company administers the disability program on your behalf, and you cannot clearly separate the administration cost from the insurance cost, then treat disability as a third party administered benefit.</p> <p>Do not include paying disability pensions. This belongs in 1a Pension Payments.</p>

## Appendix C - Activity definitions

1f. Healthcare Administration	<p>This activity only applies to the subset of U.S. systems that administer healthcare. Include only the costs of the healthcare department and any healthcare activities that are not closely integrated with pension administration activities (i.e., If the healthcare call center is separate from the pension administration call center, include its costs and volumes here. But if healthcare calls are integrated with the pension call center, include the costs and volumes in the Call Center activity.). The healthcare department will usually, at a minimum, be responsible for design, vendor management and enrolment.</p> <p>Do NOT include any activities that are integrated with pension administration and not done by the healthcare department. For example:</p> <ul style="list-style-type: none"> <li>• Communication activities such as call center calls and presentations are often integrated with pension administration. In these cases the cost and volumes belong in the pension administration activity.</li> <li>• Similarly, the legal and actuarial departments often handle both healthcare and pension issues. If this is the case, these costs belong in activities 7c Actuarial and 7d Legal and Rules Interpretation.</li> </ul>
1g. Optional and Third Party Administered Benefits	<p>Examples of optional and third party administered benefits are:</p> <ul style="list-style-type: none"> <li>• Benefits that are supplemental to the members' primary pension benefit at retirement. Examples include tax deferred savings plans (i.e., 403B, 457, 401k and 401a), insurance (dental, vision, long-term care) and loans to members.</li> <li>• Third party administered benefits. For example, the defined contribution portion of hybrid DB/DC plans are often outsourced.</li> </ul> <p>Include the costs of:</p> <ul style="list-style-type: none"> <li>• Specialists responsible for optional and third party benefits, including design, vendor management and enrolment.</li> <li>• Fees paid to third parties to administer outsourced benefits.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Communication activities such as call center calls, presentations and brochures. These belong in the communication activities. For example, the cost and volumes of call center calls about supplemental benefits belong in 2a Call Center.</li> <li>• Actuarial and legal costs. These belong in activities 7c Actuarial and 7d Legal and Rules Interpretation.</li> </ul>
<b>2. Member Communication</b>	
2a. Call Center	<p>The 'first-line' communication work for active, inactive and annuitant member inquiries.</p> <p>First-line communication includes responding to general questions, initial requests for activity specific work to be performed (such as a request for a written estimate or a refund of contributions, death reporting, change of address or direct deposit or beneficiary), questions about account status or annual statements, advice given over the phone, etc. This activity includes member inquiries by:</p> <ul style="list-style-type: none"> <li>• Telephone: waiting for calls, talking to members on the phone, redirecting calls, training Contact Center staff, auditing calls, call satisfaction surveying and long distance charges.</li> <li>• Automated information or self-serve lines (i.e., telephone lines where the member never needs to speak to a service representative and can navigate menu options where they request forms and publications, etc.). But do NOT include the cost of responding to requests for forms and publications. This belongs in Activity 2f Mass</li> <li>• Email: reading, responding to simple requests, redirecting activity specific requests.</li> <li>• Written correspondence: reading, responding to simple requests, redirecting activity specific requests.</li> </ul> <p>Includes contact center hardware and software.</p> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Work performed after the call for activities where costs are collected separately. For example, if a member requests a written pension or benefit estimate, then the cost of preparing it belongs in 2e Written Pension Estimates and not here, even if the work is done in the Contact Center.</li> <li>• Subsequent follow-up activity specific communication. For example, a disability applicant dealing directly with the disability division belongs in 1e Disability.</li> </ul>



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2b. Mail Room, Imaging	<ul style="list-style-type: none"> <li>• Managing incoming and outgoing mail.</li> <li>• Incoming written correspondence: sorting, redirecting activity specific requests.</li> <li>• Scanning and imaging of incoming documents and forms to start a workflow process.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Postage. This belongs in the activities where they were incurred. For example, the mailing of pension checks, check stubs, EFT advices or annual tax receipts belong in 1a Pension Payments.</li> </ul>
2c. 1-on-1 Counseling	<ul style="list-style-type: none"> <li>• Walk-in traffic that meets with counselors.</li> <li>• Pre-scheduled 1-on-1 retirement and other counseling. Include pre-scheduled counseling sessions that are conducted via teleconference or over the phone that cover materials sent to the member in advance of the</li> <li>• If written pension estimates are prepared during a counseling session the cost belongs in counseling and not in written estimates.</li> </ul>
2d. Presentations and Group Counseling	<ul style="list-style-type: none"> <li>• All presentations to members and retirees.</li> <li>• Group retirement counseling.</li> <li>• Webinars.</li> </ul>
2e. Written Pension Estimates	<p>Preparing and sending, by mail or email, customized written estimates in response to requests from individual members regarding:</p> <ul style="list-style-type: none"> <li>• Annuity pensions including early and service retirement.</li> <li>• Giving customized written insight into pension consequences of divorce, death, layoffs, taxes, gaps in pension coverage, etc.</li> <li>• Lump sum or commuted value payouts.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Estimates for transfers, purchases or refunds of contributions. These belong in 1c Withdrawals, Refunds, Transfers-out and 1d Purchases and Transfers-in.</li> <li>• Estimates that the member did not request, such as estimates that are automatically sent out when the member is eligible to retire or estimates on member statements. These belong in 2f Mass Communication.</li> <li>• Non-written estimates such as verbal estimates provided over the phone or obtained by the member from the website.</li> <li>• Time spent during a counseling session preparing written estimates. This belongs in 2c 1-on-1 Counseling.</li> </ul>
2f. Mass Communication	<p>Any benefit related communication that is sent to all members or groups of members. The cost should include design, printing and mailing costs. Examples include:</p> <ul style="list-style-type: none"> <li>• Member statements.</li> <li>• Brochures and publications.</li> <li>• Newsletters and information letters.</li> <li>• Videos, CD-ROMS.</li> <li>• Website pension content targeted at members and annuitants. Includes design, development and maintenance of the member content, as well as its pro rata share of the website infrastructure.</li> <li>• Annual reports and popular annual report summaries, but do not include the accounting and auditing costs incurred to prepare the annual report. Accounting costs belong in 4a Financial Administration and Control and auditing costs belong in 7e Audit.</li> <li>• Welcome kits.</li> <li>• Letters informing members when they reach or approach certain milestones such as becoming vested, eligible for disability, eligibility for retirement, etc.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Pre-scheduled retirement counseling done in group sessions or 1-on-1 or member presentations. These belong in 2c 1-on-1 Counseling and 2d Presentations and Group Counseling.</li> <li>• 1-on-1 correspondence. These costs belong in the activity to which the correspondence pertains. For example, correspondence re: pension estimates belongs in 2e Written Pension Estimates.</li> <li>• Payment advices, check stubs, letters informing of changes in gross amount, and annual tax receipts prepared for retirees. These belong in 1a Pension Payments.</li> <li>• Employer targeted communication such as the employer portions of the website and employer newsletters. These belong in 3b Service to Employers.</li> </ul>

## Appendix C - Activity definitions

3. Collections and Data Maintenance	
3a. Data and Money from Employers	<ul style="list-style-type: none"> <li>• Collection and cashing of member and employer contributions from employers.</li> <li>• Collection of member data (service credit, salary, personal information, employer, etc) from employers.</li> <li>• Reconciliation of required versus remitted money.</li> <li>• Analysis, correction and confirmation with employer of member data.</li> <li>• Setting up the data and money collection process for new employers.</li> <li>• Improving the data collection process for existing employers (i.e., converting paper systems to electronic, etc).</li>   <li>• Registering member choices and instructions that are received through the employer. For example:               <ul style="list-style-type: none"> <li>▫ Some hybrid DB/ DC systems require that a member's DC instructions come through the employer.</li> <li>▫ Members at some Dutch systems can choose to contribute more to get early retirement. This choice is registered via the employer.</li> </ul> </li> </ul> <p>(The activities below used to be in a separate activity 'Billing and Inspection' and are now merged into 3a Data and Money from Employers)</p> <ul style="list-style-type: none"> <li>• Advising employers of the required contribution rate (but excluding the actuarial cost of determining the rates which belongs in 7c Actuarial).</li> <li>• Billing employers for regular contributions, special contributions to cover funding shortfalls, additional payments to retirees funded by the employer, etc.</li> <li>• Collecting bad debts. But do not include legal costs. These belong in 7d Legal and Rules Interpretation.</li> <li>• Employer reviews or audits. For example, several systems perform on-site reviews of employers that have problems providing data and or contributions on a timely basis. They want to ensure that the employers are correctly fulfilling their obligations to their members.</li> <li>• Inspection and enforcement of obligation to participate in the System (i.e., participation in some Dutch industry funds is mandatory if the employer has certain characteristics).</li> </ul>
3b. Service to Employers	<ul style="list-style-type: none"> <li>• Training employers.</li> <li>• Helping new employers.</li> <li>• Maintaining employer relationships.</li> <li>• Presentations, counseling, workshops for employers.</li> <li>• Publications and newsletters for employers (as opposed to materials sent to members through employers).</li> <li>• Employer helpdesk/ Employer Call Center.</li> <li>• Employer website including the design, development and maintenance. as well as the pro rata share of the website infrastructure.</li> <li>• Advice, account management, HRM support re: pensions.</li> </ul> <p>Do NOT include marketing to employers. Marketing costs belong in 4c Government and Public Relations.</p>
3c. Data Not From Employers	<p>Gathering and maintaining member data that is not provided by employers including:</p> <ul style="list-style-type: none"> <li>• Retiree and Inactive data maintenance such as change of address, change of beneficiary, change in marital status, death, registering changes in payments, etc.</li> <li>• Tracking 'lost' inactive members.</li> <li>• If applicable, registering cost of living adjustments to the salary base of inactive members (a few systems do</li> <li>• Registering the impact of divorce on the future rights of members. But do not include the work of estimating the impact of divorce which belongs in either 2e Written Pension Estimates, 2c 1-on-1 Counseling and or 2a Call Center. Also do not include the cost of changing or initiating pensions as a result of divorce. This belongs in 1b Pension Inceptions.</li> <li>• Billing and collecting contributions directly from inactive members. For example, nurses in the Netherlands can continue to contribute to their pension even if they are inactive.</li> <li>• Registering member choices and instructions that are received directly from the member. For example:               <ul style="list-style-type: none"> <li>▫ Defined Contribution instructions obtained directly from active, inactive or retired members, such as changes in asset allocation.</li> </ul> </li> </ul> <p>Do NOT include the cost of incepting new pensions or determining changes to the gross amount of the pension paid to retirees. This belongs in 1b Pension Inceptions.</p>

## Appendix C - Activity definitions

4. Governance and Financial Control	
4a. Financial Administration and Control	<ul style="list-style-type: none"> <li>Budgeting and forecasting.</li> <li>Financial reporting including preparing the annual report.</li> <li>The chief financial officer's office including assistants. Exclude time spent on investments.</li> <li>Compliance unless it is done by the legal department. If this is the case compliance costs belong in 7d Legal and Rules Interpretation.</li> <li>Risk.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>Internal auditing of activity processes, or auditing of financial statements. These belong in 7e Auditing.</li> <li>Actuarial work. This belongs in 7c Actuarial.</li> <li>Printing and mailing, including postage, of annual reports to members. This goes in 2f Mass Communication.</li> <li>Administration work that pertains to the Investment division, such as investment accounting.</li> </ul>
4b. Board, Strategy, Policy	<ul style="list-style-type: none"> <li>Board of Trustees: elections, fees, expenses, etc.</li> <li>The CEO's office including assistants. Exclude time spent on investments (when in doubt we suggest 50% administration, 50% investments).</li> <li>Benchmarking studies, strategic planning, fiduciary audits, asset liability studies. But exclude portions attributed to investments.</li> <li>New and existing plan/ product development.</li> <li>Strategic market research.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>Actuarial or legal advisors to the Board. These costs belong in 7c Actuarial and 7d Legal, respectively.</li> </ul>
4c. Government and Public Relations	<ul style="list-style-type: none"> <li>Maintaining relationships with government, unions and employer organizations.</li> <li>Anticipating, influencing and initiating plan rule changes by government, by unions, by employers, and by employer organizations.</li> <li>Costs of coordination with organizations of employers and employees.</li> <li>Formulating a Governmental Policy document.</li> <li>Media relations.</li> <li>Marketing costs to attract new employers, or new members, or to support the position of the pension fund within the industry or other interest groups.</li> <li>General communication/ marketing to support the position of the pension system in the community or in the industry.</li> <li>Memberships in Councils of Industry Funds, Company Funds or International Organizations.</li> </ul>

5. Major Projects	
	<p>Major Projects are long lived assets that could be (or are) capitalized and expensed over their useful life if you follow GAAP (Generally Accepted Accounting Principles). Examples of Major Projects include:</p> <ul style="list-style-type: none"> <li>Acquisitions of long lived assets such as computer hardware or a new building.</li> <li>Major software development projects that will have an extended life.</li> </ul> <p>If you do not capitalize Major Projects, provide the actual costs expensed during the year. If you do capitalize Major Projects, include the depreciation or amortization costs of all past and current Major projects. But do not include the current year's cash investment in Major Projects that are being capitalized.</p> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>Major Projects that pertain to non-pension or optional benefits such as a new IT system for health care. These costs should be excluded from Total Pension Administration Costs per question 7.1 Non-Pension and Optional Benefits are defined in the comment field in question 7.1.</li> </ul>

## Appendix C - Activity definitions

5a. Amortization of non-IT major projects	<p>Current year amortization of the non-IT portion of capitalized major projects.</p> <p>Major Projects are long lived assets that are capitalized (under GAAP or GASB 51) and expensed over their useful life, which is greater than one reporting period. Examples of non-IT major projects could include if the costs were capitalized: i) a large, one-time historic data cleaning project, or, ii) imaging all historic records.</p> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Amortization of the IT portion major projects. This belong in activity 5c Amortization of IT major projects.</li> <li>• Amortization of leaseholds or office furniture. This belongs in activity 7a Building and Utilities.</li> </ul>
5b. Non-IT major projects (if you don't capitalize)	<p>If you do not capitalize major projects, then include the current year cost of the non-IT portion of major projects that could be capitalized under GASB 51 or GAAP.</p> <p>Do NOT include the IT portion of major projects. This belong in activity 5d IT Major Projects (if you don't capitalize).</p>
5c. Amortization of IT major projects	<p>Current year amortization of the IT portion of capitalized major projects.</p> <p>Major Projects are long lived assets that are capitalized (under GAAP or GASB 51) and expensed over their useful life, which is greater than one reporting period. An example of an IT major project could be a major software development project in the application stage of development, i.e., design, software configuration, software interfacing, coding, installing hardware and testing.</p> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Amortization of the non-IT portion major projects. This belongs in activity 5a Amortization of non-IT major projects.</li> <li>• Amortization/depreciation of IT infrastructure such as mainframes and servers. This belongs in 6a IT Strategy, Database Management and Applications (excl. major projects).</li> <li>• Amortization/depreciation of desktop hardware and software, or telecommunications equipment. This belongs in activity 6b. IT Desktop, Network, and Telecommunication.</li> <li>• Amortization of projects that relate to investment management.</li> </ul>
5d. IT major projects (if you don't capitalize)	<p>If you do not capitalize major projects, then include the current year cost of the IT portion of major projects that could be capitalized under GASB 51 or GAAP.</p> <p>Do NOT include the non-IT portion of major projects. This belong in activity 5b Non-IT major projects (if you don't capitalize).</p>

### 6. Information Technology

6a. IT Strategy, Database Management and Applications (excl. major projects)	<ul style="list-style-type: none"> <li>• IT management and strategy.</li> <li>• IT architecture.</li> <li>• Data center i.e., current year cost (whether cash or amortization) of mainframe, servers, data center hosting.</li> <li>• Training.</li> <li>• Head of the IT department's office.</li> <li>• Database management including: building databases, testing databases for data integrity, maintaining databases, ensuring operation of databases.</li> <li>• Application maintenance, enhancement and development that is not capitalized.</li> <li>• Project management that is not included in Major Projects.</li> </ul> <p>Do NOT include the portion of the above that relates to investment management.</p>
6b. IT Desktop, Network, and Tele-communications	<ul style="list-style-type: none"> <li>• User services including application licenses, personal computer hardware and software, help desk.</li> <li>• Network (i.e., LAN/ WAN, network security).</li> <li>• Telecommunications including call center equipment and mobile devices. If any of the above costs are capitalized, include current year amortization.</li> </ul> <p>Do NOT include the portion of the above that relates to investment management.</p>

## Appendix C - Activity definitions

7. Support Services	
7a. Building and Utilities	<ul style="list-style-type: none"> <li>• Building occupancy costs including rent, lease, amortization of leaseholds and building and office furniture depreciation.</li> <li>• Building depreciation if you own the building.</li> <li>• Building insurance.</li> <li>• Building maintenance services such as custodial, maintenance, security services etc.</li> <li>• Utilities.</li> </ul> <p>Do NOT include the portion of the above that relates to investment management.</p>
7b. Human Resources	<ul style="list-style-type: none"> <li>• Human resources staff and human resources consulting, including recruitment, training, career development, induction, disciplinary action etc.</li> <li>• Include time spent in the development of the HR framework, including policies and procedures.</li> </ul> <p>Do NOT include:</p> <ul style="list-style-type: none"> <li>• Time spent by non HR staff interviewing or training. For example the training of a call center agent belongs in activity 2a Call Center.</li> <li>• The portion of the above that relates to investment management.</li> <li>• Recruitment fees - these should be added to the staff costs of the people to which they relate in the different business units.</li> </ul> <p>Do NOT include separation or severance costs here. These belong in the 'Third Party and Other Costs' of the activities that the terminated FTE performed.</p>
7c. Actuarial	<p>All internal actuarial department costs, external actuarial fees and sister-entity cross charges for actuarial work including:</p> <ul style="list-style-type: none"> <li>• Actuarial work for financial and government reporting.</li> <li>• Actuarial work to determine funding policy, contribution rates or billing rates.</li> <li>• Quantifying the impact of changes in the plan.</li> <li>• Advice on plan design / redesign, funding and contributions, the employer's covenant, mergers and acquisitions etc.</li> <li>• Inception, disability and healthcare calculations that require actuarial input.</li> <li>• Formulating an Actuarial Policy document.</li> </ul>
7d. Legal and Rule Interpretation	<ul style="list-style-type: none"> <li>• All external legal fees.</li> <li>• Internal legal department (including legal fees charged by sister organizations or the corporate parent).</li> <li>• Appeals concerning pension inceptions (as well as any other appeals) if they are handled by the legal department or by external legal counsel.</li> <li>• Plan contract amendments. Adding new participating employers.</li> <li>• Interpretation of existing rule sets and laws.</li> <li>• Developing rules that simplify the interpretation of the plan contract and related legislation on behalf of staff, employers or members.</li> <li>• Support to the communications department in writing brochures and other communication material.</li> </ul> <p>Do NOT include the portion of the above that relates to investment management.</p>
7e. Internal and External Audit	<ul style="list-style-type: none"> <li>• Fees paid to the external auditor, particularly for the audit opinion on the accounts.</li> <li>• The external auditor may be the public audit office or an independent audit firm - in either case these fees or charges belong in the '3rd Party Fees' column.</li> <li>• The costs of internal audit and / or quality assurance departments.</li> </ul>
7f. Benefits Paid for Retired Staff	<p>Healthcare and other benefit costs for retired or inactive staff that are paid by the employer (and not via member contributions) on a 'pay-as-you-go' basis.</p> <p>Do NOT include accrued costs for existing staff such as contributions to their pension. These belong in each activity's cost as part of salary and benefits.</p>
7g. Other Support Services	<p>All other pension administration costs that have not been included elsewhere.</p>

## Appendix D - Defaults

### Communication

Question 33. What were your volumes of:

c) Incoming calls satisfied by self-serve options, if any?

Default Your response was unknown. As a default (8,440.3) we used a value that ensures that ratio of this value to calls and emails is equal to participant average ratio.

### Communication

Question 34. In the table below, indicate whether or not each described outcome can occur when a member calls into your system seeking a knowledgeable person during business hours, and if yes, indicate the volume of occurrences.

a) # Busy signal, never enters the system?

Default Your response was unknown. As a default (972.43) we used number of incoming calls multiplied by estimated number of calls to member communications center that results in a busy signal which, if unknown, was replaced by the participant average.

### Communication

Question 34. In the table below, indicate whether or not each described outcome can occur when a member calls into your system seeking a knowledgeable person during business hours, and if yes, indicate the volume of occurrences.

d) Abandoned calls in a menu?

Default Your response was unknown. As a default (508.33) we used number of incoming calls multiplied by estimated % of calls to member communications center that the caller abandons which, if unknown, was replaced by the participant average.

### Communication

Question 34. In the table below, indicate whether or not each described outcome can occur when a member calls into your system seeking a knowledgeable person during business hours, and if yes, indicate the volume of occurrences.

e) Abandoned calls in a queue or on hold?

Default Your response was unknown. As a default (7,723.5) we used number of incoming calls multiplied by estimated % of calls to member communications center that the caller abandons which, if unknown, was replaced by the participant average.

## Appendix E - Service and survey question changes

### Service

Service weight changes in the Customer experience activities:

- 1 Removed the touchpoints a) Estimates and b) Refunds and Purchases from Customer experience surveying
- 2 a) Weight for surveying secure member area website visits increased from 15% to 16%.  
b) Weight for surveying other member journeys (new to the pension plan, leaving the pension plan, leave of absence, divorce and separation, planning for loved ones, retired life) increased from 5% to 10%.  
c) Weight for surveying the retirement process increased from 16% to 21%.

### Survey questions

CEM added the following questions:

- 1 Website capability
  - a) Financial planning tools
  - b) Chatbot or (virtual service agent)
- 2 Customer Experience
  - a) Merged surveying satisfaction and measuring the net promoter score into one measure.
  - b) Added feedback management and feedback measurement questions.

CEM removed the following questions:

- 1 Access to online videos and associated questions
- 2 Social media questions
- 3 Mobile version of your website


CEM moved the following questions to Customer Experience - Feedback Management:

- 1 Q121: Do you have a workflow system that provides service agents with real time information about each member's:
  - a. Interactions via calls and email?
  - b. Status of open items?Added c. Use of digital tools (e.g., the pension calculator in the secure area of the website, etc.)?

**FOR INFORMATION ONLY**

May 19, 2021

TO: Each Trustee  
Joint Organizational Governance Committee

FROM: Richard P. Bendall   
Chief Audit Executive

FOR: May 28, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: **LACERA's Budget Trend Analysis**

In 2020 Internal Audit prepared a report summarizing and analyzing LACERA's Annual Administrative Budget for the ten-year period beginning with FYE 2011 and ending with FYE 2020 (Attachment A). This report was prepared from information in each of the annual budget reports approved by your Boards. Internal Audit compiled data and added charts and graphs to provide a trend analysis and document the story of the budget in alignment with strategic initiatives and directions taken by the organization over this 10-year period.

We have also attached the Executive Summary of the FYE 2021 Budget (Attachment B) to provide you with a complete picture of the last 11 years.

Originally this report was prepared for Internal Audit's own analysis and evaluation but after the April 2021 JOGC meeting, we shared the report with the CEO and Administrative Services Division Manager, hoping it might address some of the Trustees' questions regarding budget increases that have occurred over this period. They recommended we share it with your Committee and all trustees. Please note, any assumptions or implied assumptions reached in the report are the opinions of Internal Audit only.

We hope that the report is self-explanatory but realize that it does contain a lot of details and a fair amount of jargon. This memo highlights key take-aways with references to further detail in the report.

**COST ADJUSTED COMPARISON (FYE 2011 to FYE 2020)**

To address the question of how the budget increased from \$52 million in FYE 2011, the base year, to \$94 million in FYE 2020, we first isolated the variable (controllable) increase in the base year costs from inflation or cost of living related increases. To do this, we applied Milliman's wage growth assumption of 3.25 percent per year to adjust the base year Salaries and Employee Benefits (S&EB) budget. We also adjusted the Services and Supplies (S&S) for the base year by an average inflation rate of 1.8 percent (derived from the Bureau of Labor Statistics). Refer to the first chart on page 4 for more details of this analysis.



This resulted in an overall adjusted base year budget of \$68 million and isolated the remaining \$26 million (\$94 million - \$68 million) delta between FYE 2011 and FYE 2020. The focus of our analysis was on the adjusted net \$26 million dollar increase in the budget over the ten-year period.

Our compilation of data and analysis identified the following three broad categories of cause for the growth of the budget over the ten-year period, much of which was weighted to the last 5 years.

## 1. ORGANIZATIONAL DEVELOPMENT

Significant areas of growth in salaries and employee benefits (S&EB) can be seen in these three areas:

### A. Investments

**Allocator to Investor:** The growth in this area is attributed to both the significant growth and increasing complexity of the investment portfolio over the period coupled with the more recent strategic decision by the Board of Investments to move the organization from being an allocator to an investor. For details of staff positions added see page 8 of the report.

### B. Member Operations Group

**Growth in membership and changes in legislation:** The passage of new regulatory requirements (PEPRA) along with a continued commitment to better servicing LACERA's members led to most of the significant growth occurring in the member servicing divisions: Benefits, Disability Retirement, Member Services and Quality Assurance. For details of staff positions added see page 8 and 9 of the report.

### C. IT (Systems Division and Information Security)

**Evolution of technology and security needs:** Growth in IT staffing occurred to address both the increasing complexity of IT and security. Positions added included a Chief Information Security Officer. For details of staff positions added see page 9 of the report.

One other notable increase in S&EB budget was in the Legal Office in FY 2019/20 when three positions were added to address the organization's system of controls around compliance and privacy with the establishment of a Compliance Officer and two support staff.

## 2. INFRASTRUCTURE

The total one-time S&S project costs over the last decade is \$12.6 million. Out of the total one-time S&S project costs, Systems Division incurred \$8.7 million (70% of the total) and Administrative Services Division incurred \$3.4 million (27% of the total).

The System Division's one-time S&S project costs were heavily concentrated in computer services and support, and communications.

The three highest singular S&S one-time project cost budgeted over the past ten years were:

- Enterprise Workstation Replacement for \$975,000 in FYE 2016,
- Network Data Switch for \$650,000 in FYE 2013, and
- Microfiche Conversion for \$575,000 in FYE 2011.

The three highest cost multi-year major improvement projects that spanned over multi-years were:

- Network Data Switch for \$1,000,000,
- Board Operations System for \$800,000, and
- Telephone System Updates for \$550,000.

The Administrative Services Division's one-time S&S project costs were solely for the purpose of building and renovation upgrades. The annual renovation budget ranged from \$250,000 to \$650,000. The increase in staff within the organization is certainly one contributor to the need for building renovation but not the only reason.

### **3. OTHER**

To address increasing workloads (special projects) and backlogs in processing, we noted that Agency Temp salaries increased over 500 percent from FYE 2011 to FYE 2020, while overtime also increased over 300 percent over the period. For additional details, see page 10 of the report.

As indicated throughout this memo, the report provides further detail on the organizational changes and investment in infrastructure that account for the upward budget trend.

You will note that these increases are not without merit and are tied to significant strides the organization has made on the path to maturity, supporting significant strategic developments in the areas of investments, IT, data security, and maintaining a strong commitment to member service. However, as a reminder, this was an internal compilation and analysis of the budget data available to us in the board approved annual budgets for the period. We did not consult with Administrative Services, the Executive Office, or the individual divisions for their input as we would have done if this had been an official engagement to perform an analysis. As such, added comments and opinions are those of Internal Audit only. Our hope in sharing this with your Committee and LACERA trustees is that it will provide you a high-level perspective of the budget trend over the period related to strategic organizational changes and development.

Staff will be available at your May 28, 2021 meeting to address any questions you may have.

RPB

Attachments



**LACERA INTERNAL AUDIT DIVISION**

**LACERA's BUDGET TREND ANALYSIS**

February 28, 2020

**PERFORMED BY:**

Richard P. Bendall  
*Chief Audit Executive*

Kristina Sun  
*Senior Internal Auditor*

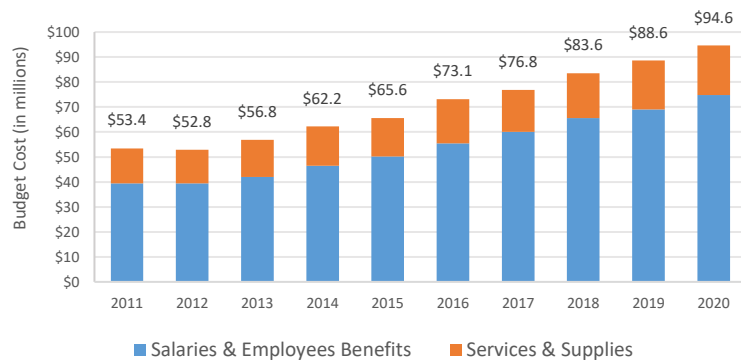
Internal Audit collected budget data for ten fiscal years from Fiscal Year End (FYE) 2011 through FYE 2020 to compile and analyze trends in LACERA’s administrative budget over the period. LACERA’s annual budget process involves input from every division and eventually goes to the Board of Investment and Board of Retirement (Boards) for approval. As of FYE 2020, LACERA consists of 15 divisions with 456 budgeted positions. The Retiree Healthcare (RHC) Division is excluded for the purpose of this budget analysis since it operates under the retiree healthcare benefits budget. Below is an overview of the approved FYE 2020 administrative budget by division and division code:

Division Code	Division Name	Total Budget (\$)	Positions Budgeted (#)
AS	Admin Services	7,820,552	34
BE	Benefits	10,566,377	71
CO	Communications	2,457,549	13
DL	Disability Litigation	1,988,281	7
DR	Disability Retirement Services	8,707,507	41
EO	Executive Office	2,558,560	8
FA	Financial & Accounting Services	4,529,440	30

Division Code	Division Name	Total Budget (\$)	Positions Budgeted (#)
HR	Human Resources	3,974,474	13
IA	Internal Audit	2,390,584	11
IN	Investment Office	12,926,234	44
LS	Legal Services	6,436,423	26
MS	Member Services	9,014,633	79
QA	Quality Assurance	3,327,189	19
SY	Systems	17,335,787	60

LACERA’s administrative budget costs consists of two major expenditure types: a) Salaries & Employee Benefits (S&EB) and b) Services & Supplies (S&S). Historically, S&EB costs comprised of 75% to 79% of the administrative budget while S&S costs comprised of 21% to 26% of the administrative budget.

LACERA 10-Year Budget Analysis By Expenditure Type  
 Salaries & Employee Benefits vs. Services & Supplies



The overall budget from FYE 2011 to FYE 2020 jumped from \$53.4 million to \$94.6 million. We noted a 90% increase for Salaries & Employee Benefits, a 48% increase in Recurring Services & Supplies, and a 23% decrease in One-Time Services & Supplies Project Costs. Due to the substantial increases in S&EB and Recurring S&S, we wanted to understand what the main causes for the S&EB and Recurring S&S cost increases and whether these cost increases were reasonable and in accordance with organizational needs.

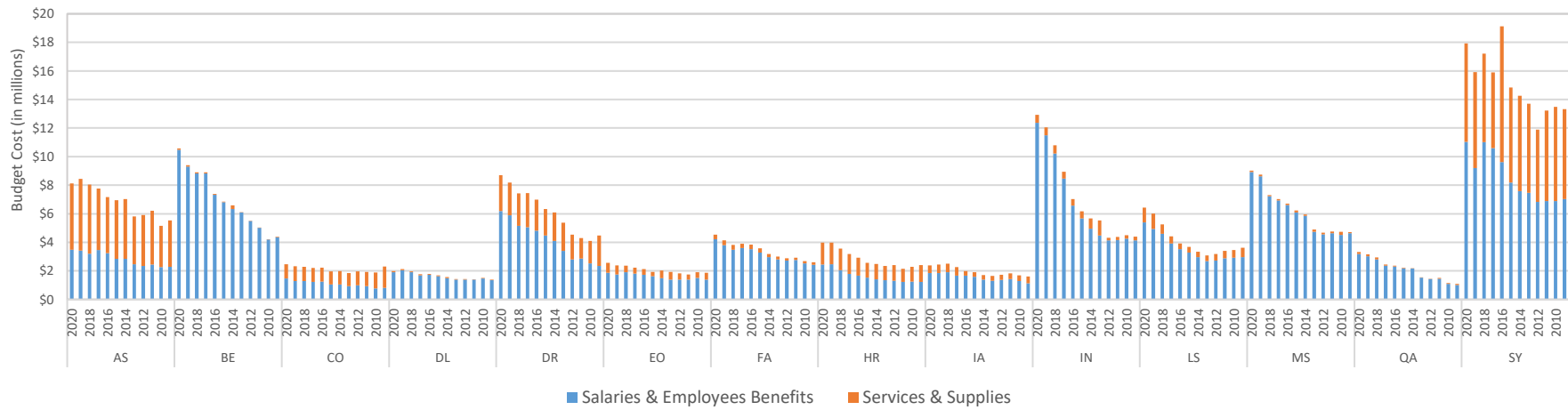
Budget line items can be categorized as either variable cost or fixed cost. Variable costs vary based on the amount of output, while fixed costs are the same regardless of production output. Production output for LACERA can be defined as the number of member requests completed. Salaries & Employee Benefits budget are classified as fixed costs. S&EB costs have steadily increased as the employee headcounts grow over the years. The following items are allocated within the S&EB budget: Total LACERA Salaries, Total Agency Temp Salaries, Employee Benefits (Variable), Employee Benefits (Other), OPEB Contribution, Stipends, Overtime, Bilingual Bonus, Sick Leave Buyback, Rideshare Allowance, Transportation Allowance, and Salary Differential.

Services & Supplies budget are classified as variable costs. Based on the nature and frequency of the S&S cost, it can be identified as either Recurring S&S or One-Time Project Costs. Recurring S&S expenses represent the annual operating costs of funding the daily operations of LACERA. Recurring S&S is also based on actual and historical expenditure trends. One-Time Project Costs represent expenses that are not required for the continual operation of the organization on an annual basis. One-time S&S is based on anticipated needs for the upcoming year. The following items are allocated within the S&S budget: Communications, Transportation & Travel, Educational Expenses, Auto Expense, Postage, Stationery & Forms, Office Supplies & Equipment, Insurance, Equipment Maintenance, Equipment Rents & Leases, Building Costs, Professional & Special Services, Computer Services & Support, Legal Fees & Services, Disability Fees & Services, Bank Services, Parking Fees, and Miscellaneous.

As the complexity of the public sector pension industry evolved, LACERA experienced several major growth opportunities in the last decade. LACERA began in the growth stage in FYE 2011 and is heading into a more matured stage in FYE 2020. **Exhibit A** below displays LACERA's budget from FYE 2011 through FYE 2020 by Budget Category, Division and Fiscal Year. Most divisional budgets spikes occurred within the last five fiscal years. In FYE 2020, an aggregate of the top four divisions' budgets has surpassed more than half of the entire FYE 2020 budget of \$94.6 million. These top four divisions listed in order of highest to lowest are: Systems (SY) with \$17.9 million or 18%, Investment Office (IN) with \$12.9 million or 14%, Benefits (BE) with \$10.6 million or 11%, and Member Services (MS) with \$9 million or 10%.

**Exhibit A: LACERA Budget Analysis – Annual Expenditure Costs by Division from FYE 2011 through FYE 2020**

LACERA 10-Year Budget Analysis - Annual Expenditure By Division



For reference, FYE 2011 budget was determined to be the Base Year budget for benchmarking purpose and FYE 2020 budget was the most recent budget approved by the Boards. Additionally, we adjusted the FYE 2011 Salaries & Employee Benefits and Services & Supplies – Recurring budget line items to FYE 2020 for a more equitable comparison. The current actuarial assumption rate of 3.25% for general wage growth was utilized for S&EB and the average inflation rate of 1.8% based on 2011 to 2018 data provided by the Bureau of Labor Statistics was utilized for recurring S&S. We attributed the difference between the FYE 2020 actual budget and the FYE 2011 budget with the inflation adjustment to FYE 2020 to staffing and services & supplies increases, which was determined to be \$22 million and \$4 million, respectively.

Below is the detailed comparison of the actual FYE 2011 budget, actual FYE 2020 budget, and adjusted FYE 2020 budget (which is increasing the actual FYE 2011 budget with annual inflation):

Actual FYE 2011 Budget <i>(Rounded to nearest millions)</i>	Adjusted FYE 2020 Budget (Actual FYE 2011 Budget with Inflation) <i>(Rounded to nearest millions)</i>	Actual FYE 2020 Budget <i>(Rounded to nearest millions)</i>	Comparison of Adjusted FYE 2020 Budget and Actual FYE 2020 Budget <i>(Rounded to nearest millions)</i>
Salaries & Employee Benefits: \$ 39	Salaries & Employee Benefits (Adjusted)*: \$ 53	Salaries & Employee Benefits: \$ 75	Salaries & Employee Benefits: \$ 22
Services & Supplies - Recurring†: \$ 13	Services & Supplies - Recurring (Adjusted)**: \$ 15	Services & Supplies - Recurring†: \$ 19	Services & Supplies - Recurring: \$ 4
Total Budget: \$ 52	Total Budget: \$ 68	Total Budget: \$ 94	Total Budget: \$ 26
<small>†Excluded Services &amp; Supplies - One Time Project cost (which is approx. \$1 million annually) for comparison purpose only            *Salaries &amp; Employee Benefits balance was adjusted using Milliman's current actuarial assumption of 3.25% for general wage growth            **Services &amp; Supplies - Recurring balance was adjusted using the average rate of 1.8% based on 2011 to 2018 data provided by the Bureau of Labor Statistics</small>			

### SECTION 1: LACERA SALARIES & EMPLOYEE BENEFITS BUDGET ANALYSIS

When we dived into the budget details at the divisional level, we determined Salaries & Employee Benefits is the majority portion of the budget for most divisions, except for the Administrative Services division. For Salaries & Employee Benefits analysis, we formulated the following rationales that should help us understand the S&EB increases:

- **Rationale #1:** The main driver for the S&EB cost increase is due to the annual anticipated MOU salary increases, which is typically 3.5% per year. This affects variable S&EB costs.
- **Rationale #2:** LACERA increased its budgeted positions for the member-facing divisions (i.e., Benefits, Disability Retirement, and Member Services) to keep up with new legislation (i.e., PEPPRA) and growing retiree population while delivering quality services.
- **Rationale #3:** LACERA's fund size has grown from \$42 billion to \$59 billion in the last decade. As such, the Investment Office is expanding its personnel to maintain a well-balanced yet diversified portfolio that will reduce risks and provide high rate of returns.

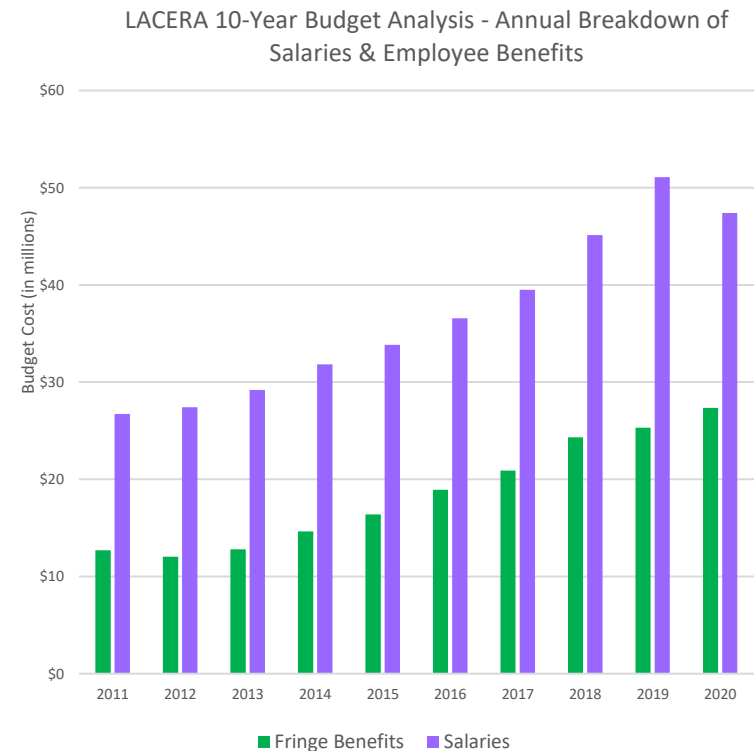
### ANALYSIS OF RATIONALE #1

An annual MOU salary increase of 3.5% can be anticipated and expected based on historical trend. In addition to salaries, fringe benefits are also impacted by the MOU increase. Salaries-related budget items are identified as Total LACERA Salaries, Total Agency Temp Salaries, Salary Differential, and LACERA Intern Program. Fringe benefits-related budget items are identified as Employee Benefits (Variable), Employee Benefits (Other), OPEB Contribution, Stipends, Overtime, Bilingual Bonus, Sick Leave Buyback, Rideshare Allowance, and Transportation Allowance.

To address Rationale #1 above, we evaluated LACERA's actual S&EB budget against projected S&EB budget with the 3.5% MOU salary increase at the divisional level, which are shown in **Exhibit B-1** and **Exhibit B-2** on the next page. An assumption we made was to presume each division held the same budgeted positions from FYE 2011 through FYE 2020.

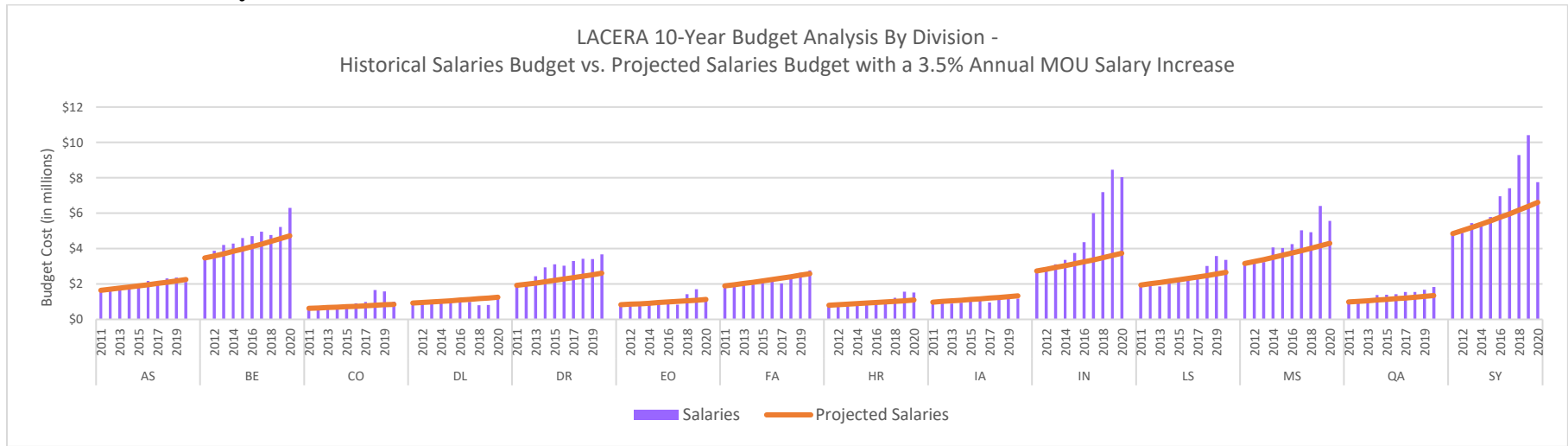
If the actual S&EB budget is on par with the projected S&EB budget, then we deemed it as reasonable for purposes of our analysis. For four divisions (Administrative Services [AS], Disability Litigation [DL], Financial Services & Accounting Division [FA], and Internal Audit [IA]), their actual LACERA salaries budgets were comparable to the projected S&EB budget, given a tolerable threshold of \$400,000 for variance. Thus, these division's S&EB budgets were deemed as reasonable.

For the remaining ten divisions (Benefits [BE], Communications [CO], Disability Retirement [DR], Executive Office [EO], Human Resources [HR], Investment Office [IN], Legal [LE], Member Services [MS], Quality Assurance [QA], and Systems [SY]), their actual S&EB budgets exceeded the projected S&EB budgets under Rationale #1. However, we believe Rationales #2 and #3 will address the reasons for these divisions' S&EB increases.

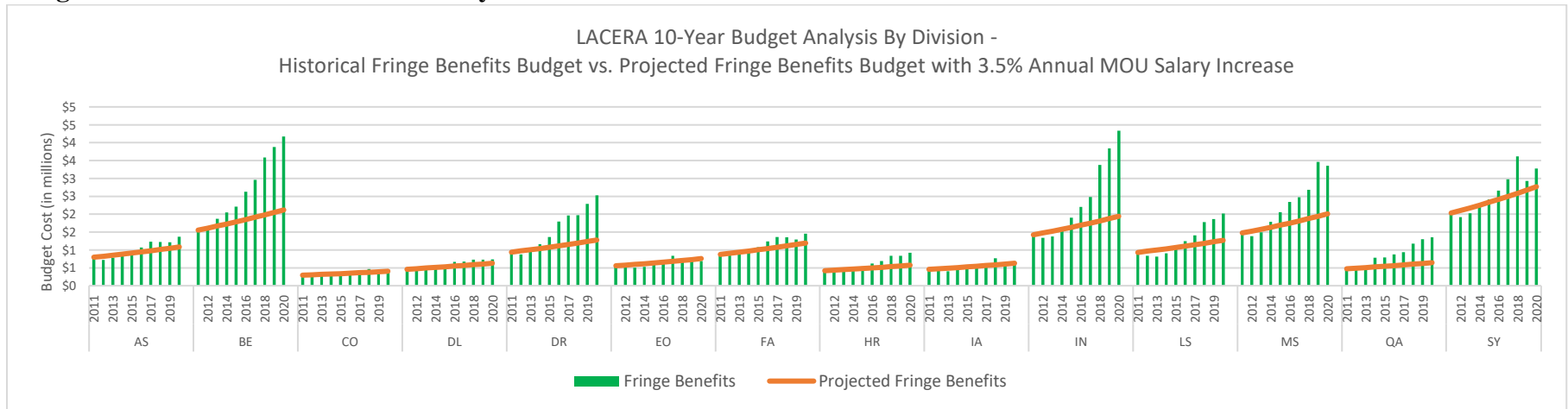




**Exhibit B-1: LACERA’s 10-Year Budget Analysis by Division – Historical Salaries Budget vs Projected Salaries Budget with a 3.5% Annual MOU Salary Increase**



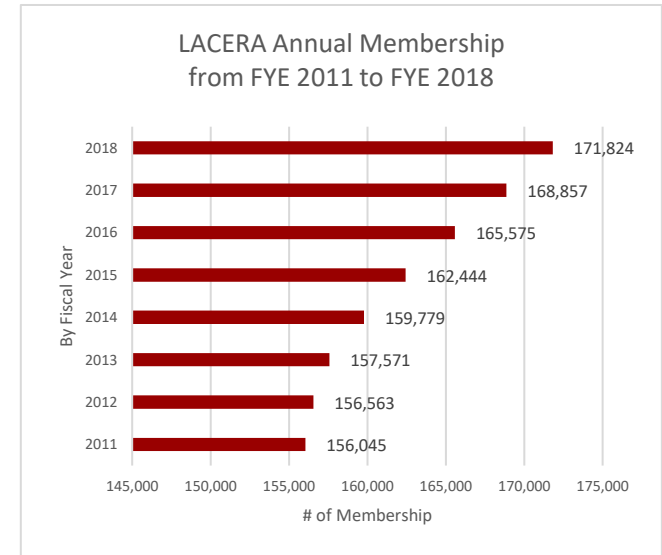
**Exhibit B-2: LACERA’s 10-Year Budget Comparison by Division – Historical Fringe Benefits Budget vs Projected Fringe Benefits Budget with a 3.5% Annual MOU Salary Increase**



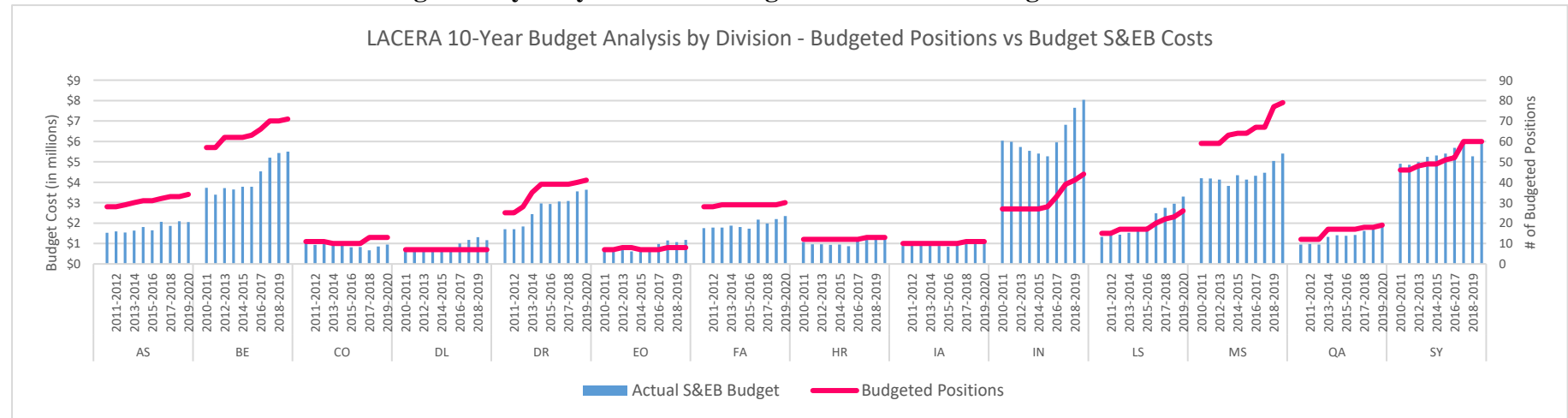
**ANALYSIS OF RATIONALE #2**

Rationale #2 states that significant increases within certain divisions' S&EB budgets are driven by annual membership increases and the need for additional productivity. Based on historical data provided by LACERA's 2019 Comprehensive Annual Financial Report (CAFR), the annual membership has grown at an average rate of 1.4% from FYE 2011 to FYE 2018 with over 171,000 members.

**Exhibit C** below displays a comparison between LACERA's budgeted positions against the S&EB budget for the last ten fiscal years. The most significant increases in budgeted and actual positions occurred in the Investments Office and the member-facing divisions such as Benefits, Disability Retirement, Member Services and Quality Assurance. We noted that the growth within these divisions were the results of strategic decisions approved by both senior management and the Boards.



**Exhibit C: LACERA 10-Year Budget Analysis by Division - Budgeted Positions vs Budget S&EB**



To provide more details on the budgeted positions increases, we have delineated the timeline of each division's budget growth where 3 or more positions are added in one fiscal year. Any budget increase of 2 or less is considered within normal operations.

1) Benefits [BE]

- a. In the FY2012-2013 budget, five (5) Retirement Benefits Specialist III positions were added to fill the role of "in-line auditors."
- b. In the FY2016-2017 budget, two (2) Senior Retirement Benefits Specialist and one (1) Retirement Benefits Specialist III positions were added to support specialized Benefits teams such as Death Legal Unit, Process Management Group, and Benefit Protection Unit.
- c. In the FY2017-2018 budget, one (1) Section Head and three (3) Intermediate Typist-Clerk positions were added to support the Benefit Protection Unit and Data Input Unit.

2) Communication [CO]

- a. In the FY2017-2018 budget, one (1) Web Support Technician and two (2) Writer II positions were added to support the Web, Print, and Graphics Team and Video, Print, and Graphics Team.

3) Disability Retirement [DR]

- a. In the FY2012-2013 budget, two (2) Senior Disability Retirement Specialist and one (1) Staff Assistant II positions were added due to a division reorganization.
- b. On December 13, 2012, the Board of Retirement approved an additional seven positions: four (4) Disability Retirement Specialist Supervisors and three (3) Senior Disability Retirement Specialists.
- c. In the FY2014-2015 budget, two (2) Senior Disability Retirement Specialists were added to support the Specialized Processing Unit.

4) Investment Office [IN]

- a. In the FY2016-2017 budget, one (1) Principal Investment Officer, one (1) Finance Analyst III, and three (3) Finance Analyst II were added to support Risk and Performance, Public Equities, Private Equities, Real Estate, and Hedge Funds units.
- b. In the FY2017-2018 budget, one (1) Deputy Chief Investment Officer, two (2) Finance Analyst III, two (2) Finance Analyst I, and one (1) Senior Secretary were added to support the management of Investment Office, Hedge Funds, Fixed Income, Real Estate, and Private Equities units.
- c. In the FY2019-2020 budget, three (3) Finance Analyst III were added to support Corporate Governance, Credit, and Co-investments units.

5) Legal Services [LE]

- a. In the FY2016-2017 budget, one (1) Staff Counsel, one (1) Senior Management Secretary, and one (1) Legal Analyst were added to support Legal's Investment and Disability Sections.
- b. In the FY2019-2020 budget, one (1) Director of Compliance, one (1) Staff Counsel, and one (1) Legal Analyst were added to support the Privacy, Investment, and Benefits Sections.

6) Member Services [MS]

- a. In the FY2010-2011 budget, four (4) Retirement Benefit Specialist II positions were added to support the Call Center.
- b. In the FY2013-2014 budget, two (2) Retirement Benefit Specialist III and two (2) Retirement Benefit Specialist II positions were added to support the Call Center and Quality Control units.
- c. In the FY2016-2017 budget, one (1) Retirement Benefit Specialist III and two (2) Retirement Benefit Specialist II positions were added to support Member Services Quality Control and Member Service Center units.
- d. In the FY2018-2019 budget, two (2) Retirement Benefit Specialist III and eight (8) Retirement Benefit Specialist II positions were added to support the Cell Center.

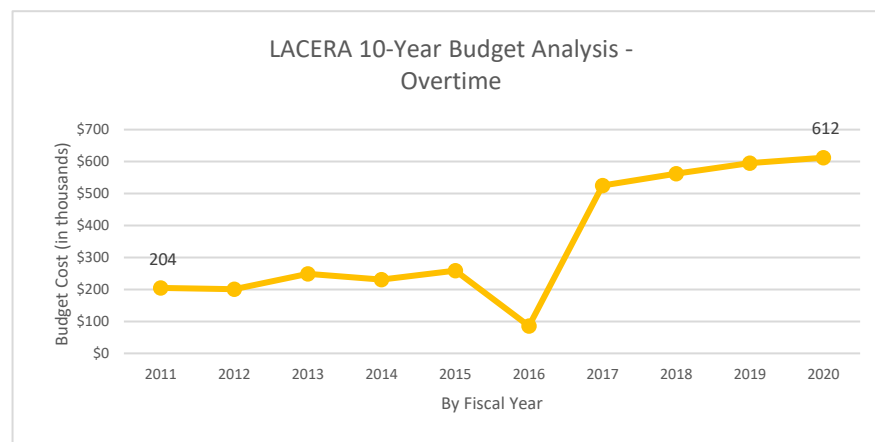
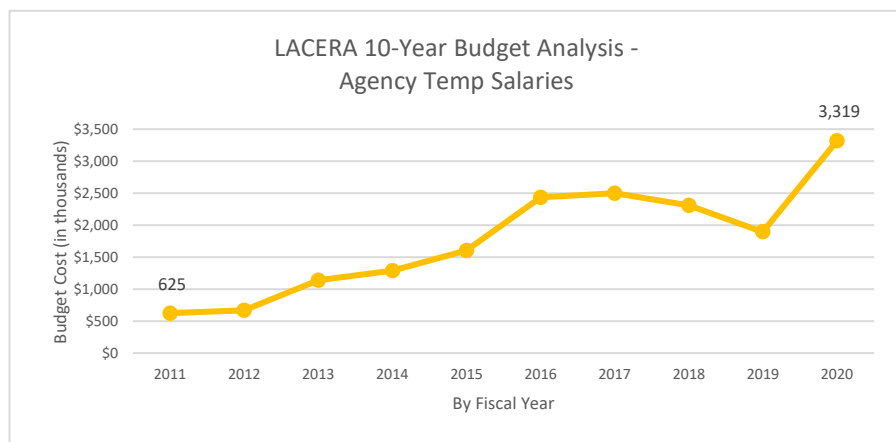
7) Quality Assurances [QA]

- a. In the FY2013-2014 budget, six (6) Quality Auditor II positions were added to implement the in-line audit and comprehensive training programs.

8) Systems [SY]

- a. In the FY2017-2018 budget, eight (8) new positions were added as part of the first phase of Systems Division's staffing-up effort: one (1) Chief Information Security Officer, two (2) Information Technology Manager I, one (1) Information Technology Manager II, two (2) Information Technology Specialist I, and two (2) Information Technology Specialist II.

Lastly, we would like to highlight two miscellaneous S&EB budget line items – Agency Temporary Salaries and Overtime – which experienced extensive growth over the last decade. Agency Temp Salaries had an increase of over 500% from FYE 2011 to FYE 2020 and Overtime had an increase of over 300% from FYE 2011 to FYE 2020.



### ANALYSIS OF RATIONALE #3

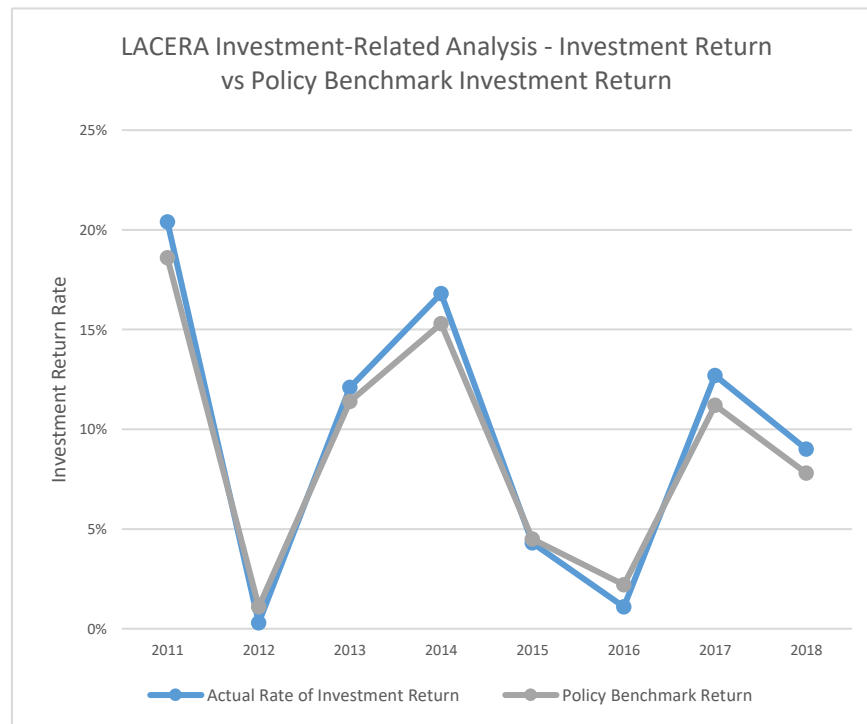
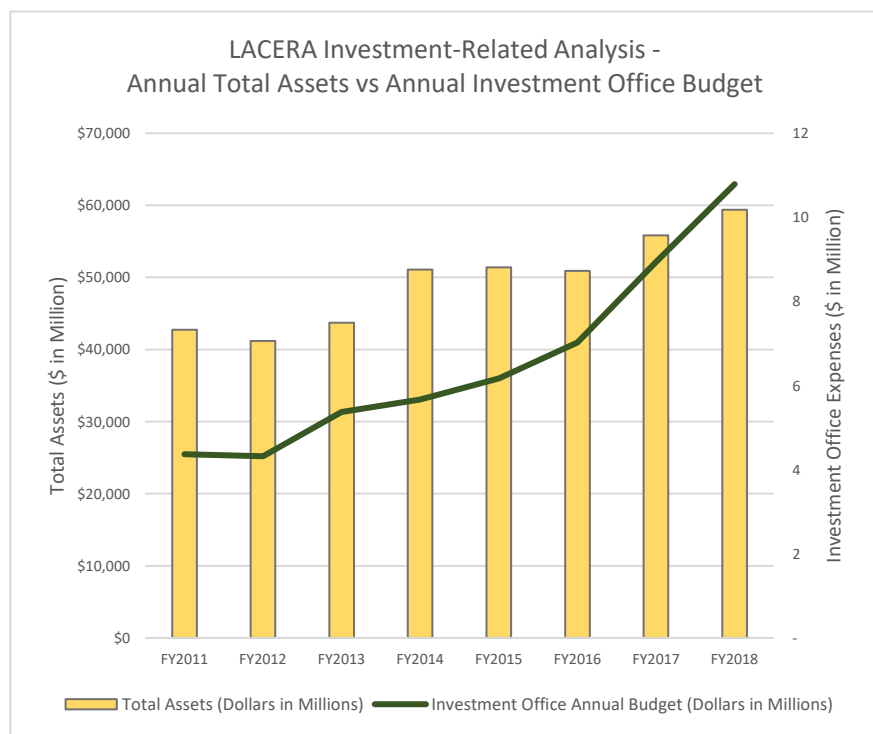
Rationale #3 focuses on Investment Office’s personnel growth. As LACERA’s fund size increased from \$42 billion to \$59 billion in the last decade, the Investment Office expanded its team to fulfill its responsibility of developing and recommending product investment policies and risk management strategies to assist LACERA achieve return objectives established by the Board of Investments. The Investment Office staff is also responsible for implementing and monitoring Board-approved programs and policies.

In terms of return on investment, LACERA has performed comparably against the policy benchmark investment return. Within the last eight years, LACERA’s actual rate of investment return outperformed the policy benchmark return five times. The average investment return rate for the last eight years is 9.59%.

Concurrently, the Investment Office developed in-house Compliance and Risk Management functions to supplement the operations of the investment fund. These middle office positions facilitate risk control and with the compliance of Board-approved programs and policies.

Considering that Investment Office manages and administers LACERA’s investment portfolio, it can be argued that the Investment Office’s expenses should not be included as part of LACERA’s administrative budget. Instead, their expenses could be treated in the same manner as the investment management expenses. We have observed other retirement funds engage in different practices regarding the allocation of Investment Office expenses. This should be kept in mind whenever our administrative budget is compared to that of peer pension funds, such as through the Cost Effective Measurement (CEM) comparison. We do not always know what comprise our peers’ administrative budgets.

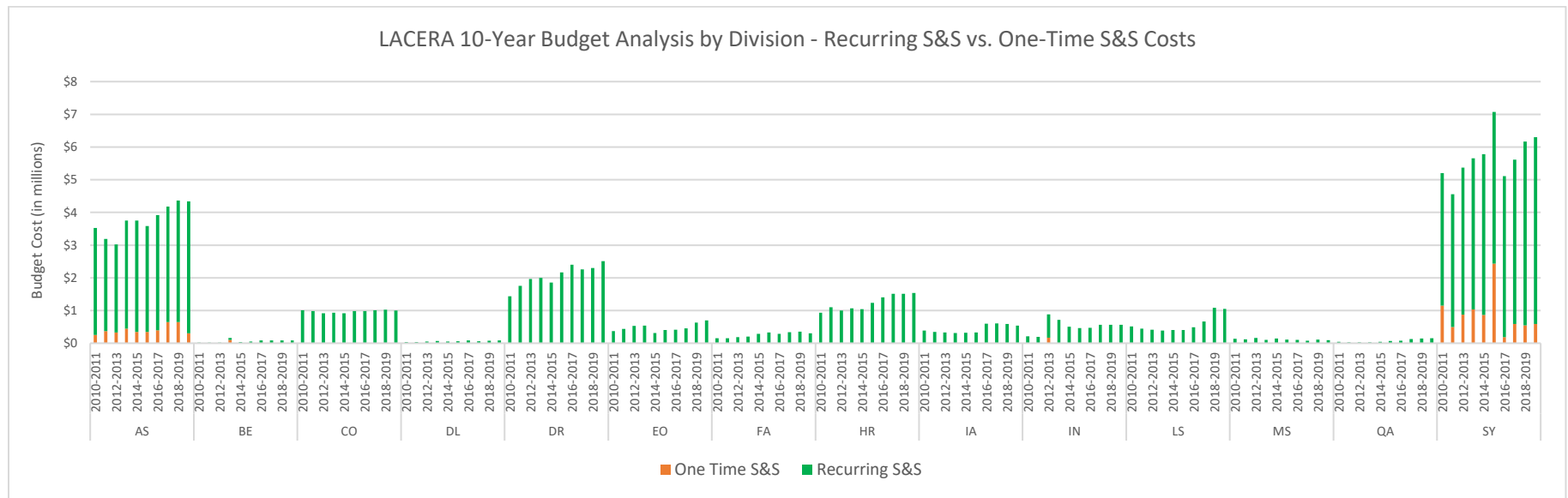
Based on the overall analysis performed, all three rationales for S&EB costs were validated by historical data. Although certain divisions had excess S&EB budgets, they were impacted by factors such as change in policy, change in customer demands, or change in LACERA’s investment fund size.



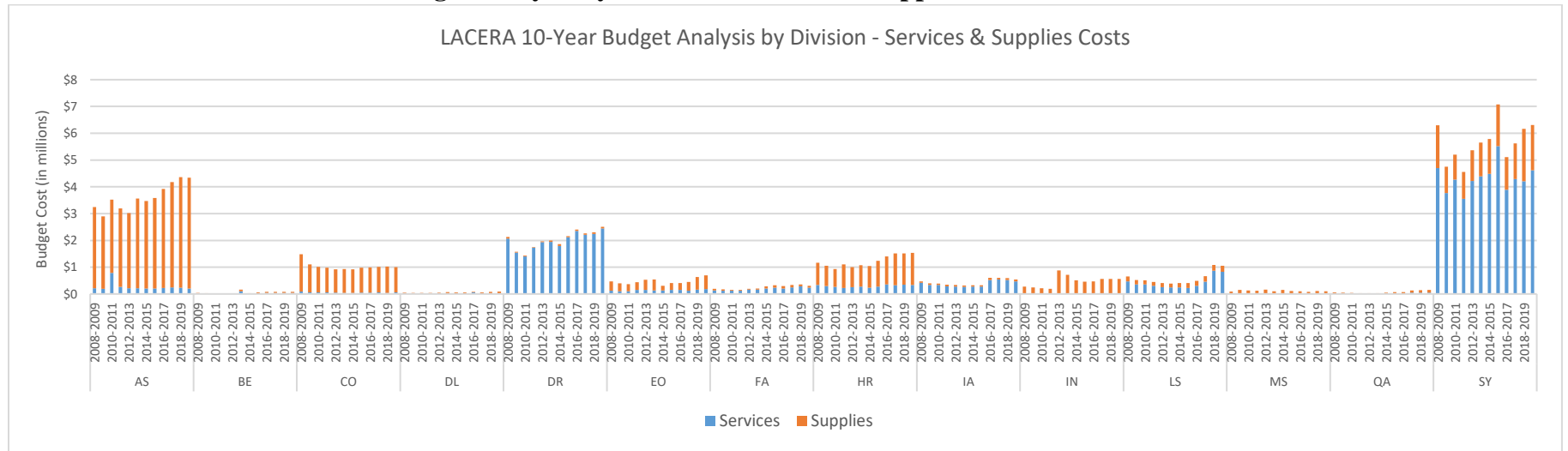
## SECTION 2: LACERA SERVICES & SUPPLIES BUDGET ANALYSIS

Within Services & Supplies historical budget from FYE 2011 through FYE 2020, it can be bifurcated into the following four expenditure categories: 1) Recurring Services, 2) Recurring Supplies, 3) One-Time Services, and 4) One-Time Supplies. **Exhibit D-1, D-2, and D-3** show the various comparisons among the expenditure categories at the divisional level.

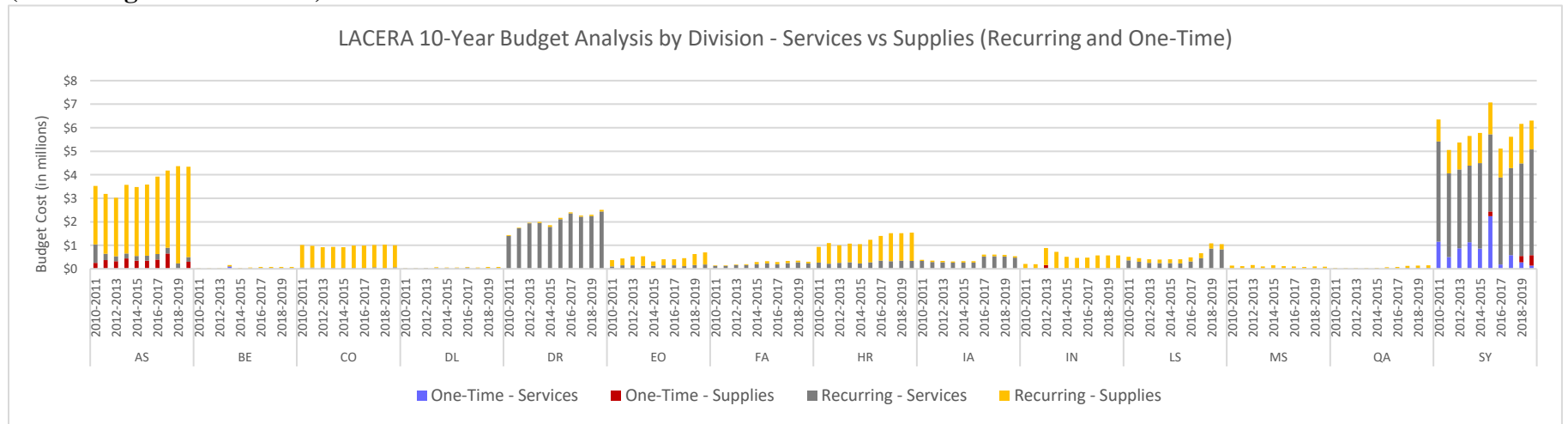
### Exhibit D-1: LACERA 10-Year Budget Analysis by Division - Recurring vs. One-Time S&S Costs



**Exhibit D-2: LACERA 10-Year Budget Analysis by Division - Services & Supplies Costs**



**Exhibit D-3: LACERA 10-Year Budget Analysis by Division – Services & Supplies (Recurring and One-Time)**





Based on the historical data for Services & Supplies (S&S) budget, we formulated the following rationales that should help us evaluate the S&S increases:

- Rationale #4: Annual recurring S&S budget should account for Consumer Price Index (CPI) adjustment when evaluated over a 10-year period.
- Rationale #5: The one-time S&S project costs were incurred as part of a multi-year plan to renovate LACERA’s building and upgrade LACERA’s telecommunications and computer infrastructures to assist other internal LACERA divisions dealing with new legislatures (i.e., PEPRAs) and growing retiree population.

ANALYSIS OF RATIONALE #4

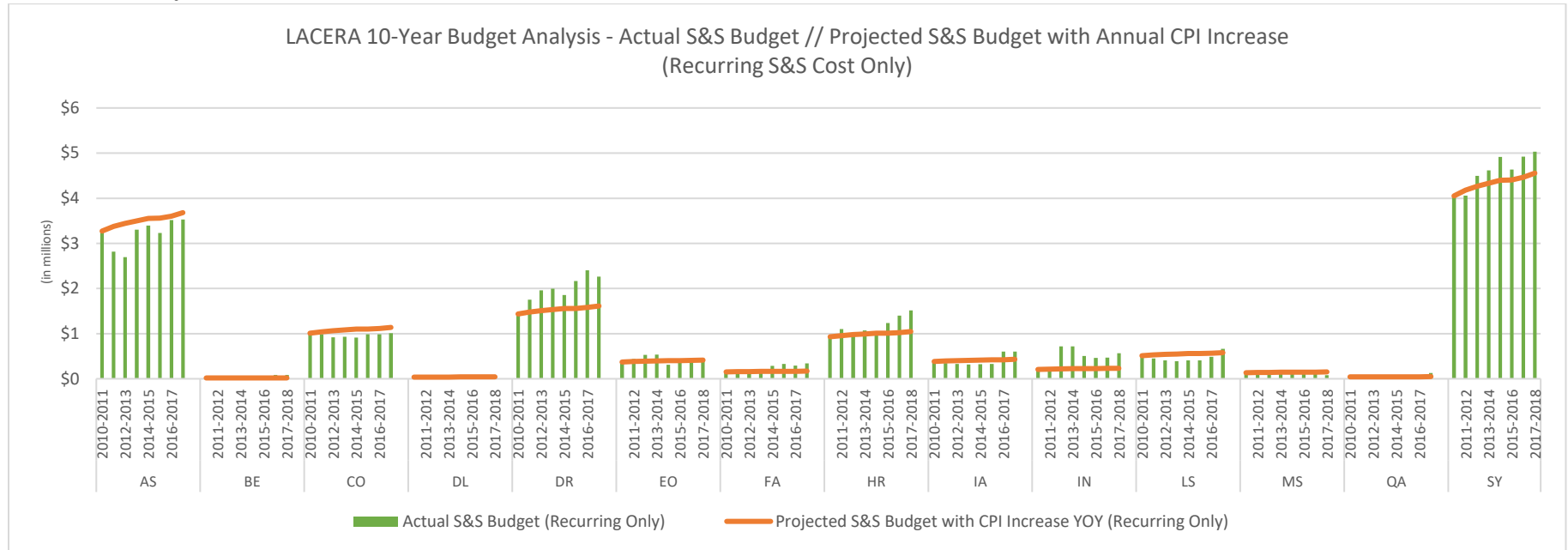
Bureau of Labor Statistics (BLS) defined Consumer Price Index (CPI) as a measure of the average change over time in prices paid by urban consumers for a “market basket” of goods. CPI is also known as the inflation rate. For recurring S&S costs, we projected the recurring S&S budget cost with the annual CPI increase.

**Exhibit E** is the comparison of LACERA’s actual recurring S&S budget against projected recurring S&S Budget with annual CPI Increase. Taking CPI into consideration helps bridge the gap across the annual recurring S&S budget. With a tolerable threshold of \$400,000 for variance between actual recurring S&S budget and projected recurring S&S budget, we identified four divisions that exceeded the threshold: Disability Retirement, Human Resources, Investment Office, and Systems.

Year	CPI (rate of inflation)
2011	3.2%
2012	2.1%
2013	1.5%
2014	1.6%
2015	0.1%
2016	1.3%
2017	2.1%
2018	2.4%

Source: Bureau of Labor Stastics

**Exhibit E: LACERA 10-Year Budget Analysis – Actual S&S Budget // Projected S&S Budget with Annual CPI Increase (Recurring S&S Cost Only)**



To provide more details on the recurring S&S budget spikes for the four divisions mentioned above, we took information disclosed within the approved budget plans from FYE 2011 to FYE 2020 and highlighted key changes where a yearly increase in a division’s recurring S&S budget was more than \$200,000:

1) Disability Retirement

a. FY 2011-FY 2012 Approved Budget Plan

i. Medical Fees / Photocopies

- The requested budget for these expenses related to disability application processing has increased due to the continued upward trend of initial disability application filings.

b. FY 2012-FY 2013 Approved Budget Plan

i. Medical Fees / Photocopies

- The requested budget for Medical Fees / Photocopies expenses related to disability application processing has increased due to the continued upward trend of initial disability application filings and will continue to increase as staff works on the backlog of pending cases.

c. FY 2013-FY 2014 Approved Budget Plan

i. Transportation and Travel

- There is an increase in the budget request for Transportation and Travel as the plan sponsor continues to request our presence at Interactive Process Meetings throughout the county. Additionally, the DRS Leadership Team will travel to SACRS and CALAPRS conferences to attend and provide training.

ii. Medical Fees / Photocopies

- We are anticipating that our medical fee expenses will increase slightly from the current year projection. The primary reason we anticipate this increase is due to our recent departmental restructure and hiring of additional staff which will increase our capacity to process applications. Fortunately, the additional medical fee costs will be mitigated by the newly implemented flat rate fee schedule for our panel physicians, which will result in a lower average bill per medical exam and report.

iii. Educational Expenses

- The increase in the request for educational expenses is again attributable to the divisional restructuring which resulted in several promotions and hiring of additional investigative staff. The recently promoted Disability Retirement Specialist Supervisors will be attending the LA County Supervisor Training Academy, SACRS & CALAPRS, as well as various leadership development courses. The new investigative team members will be required to attend training at the Insurance Educational Association (IEA) to obtain their Workers' Compensation Claims Professional certification.

d. FY 2015-FY 2016 Approved Budget Plan

i. Transportation and Travel

- There is a slight increase in the budget request for Transportation and Travel as the plan sponsor continues to request training for County Return-to-Work Units and attendance during Interactive Process Meetings throughout

the county. Additionally, the Disability Retirement Services Leadership Team will continue to travel to SACRS and CALAPRS conferences to attend and provide training.

ii. Medical Fees

- Because of the Board's continued support in restructuring work processes and adding additional investigative staff, increased case productivity has become a consistent trend and not an anomaly. Two additional investigative staff members are now fully trained and part of the staffing rotation and as a result, we expect this upward trend to continue into the next fiscal year. Based on projected 450-480 cases to the Board of Retirement in the next year, we estimate a corresponding upward trend in medical fee costs. Therefore, staff requests an increase of \$300,000 to cover the anticipated increase in medical fees.

iii. Investigation Services

- In fiscal year 2014-2015, the Board approved the Mutual Assistance Program, created the Board's policy of outsourcing the processing of disability applications and appeals filed by internal staff and internal-related family members. The purpose of the program is to ensure all such applications are kept confidential and received a fair and impartial review and avoided any appearance of impropriety. These applications are processed by an approved independent third-party attorney or collaborating 37 Act agencies. Staff is requesting an increase of \$60,000 to cover the cost of processing these applications. We currently have six (6) internal applications pending; staff has estimated the cost per claim to be approximately \$10,000 each; which covers the cost of investigation by outside counsel or outside agency, records, medical examination, and any additional administrative fees accrued during course of investigation.

e. FY 2016-FY 2017 Approved Budget Plan

i. Legal Fees and Services

- In FY 2014-2015, the Board approved the Mutual Assistance Program, which created the Board's policy of outsourcing the processing of disability applications and appeals filed by internal staff and internal-related family members. The purpose of the program is to ensure all such applications are kept confidential and receive a fair and impartial review while maintaining the privacy of each LACERA staff member. These applications are processed by an approved independent third-party attorney or collaborating 37 Act agencies.

ii. Hearing Officer Fees

- During FY 2013-2014, the Board of Retirement amended Rule 19 of the Procedures for Disability Retirement Hearings to include language which required LACERA staff to schedule a procedural conference for any applicant not represented by counsel. The procedural conference ensures unrepresented applicants are properly counseled of their rights and responsibilities related to the Disability Retirement Hearing process. The conference is held whether the applicant attends the conference or not, and a Certificate of Non-Attendance is issued if the applicant fails to attend. This has resulted in an increase in hearing officer fees. Therefore, Staff is requesting an additional \$35,000 to cover the anticipated increase in hearing officer fees due to the volume of procedural conferences held by Disability Litigation.

iii. Medical Fees

- Staff requests an increase of \$150,000 to cover the anticipated increase in medical fees due to complex case processing with multiple exams and second opinions. The number of cases requiring multiple exams and second opinions has increased by 28% between FY 2013-2014 and FY 2014-2015.

2) Investment Office

a. FY 2012-FY 2013 Approved Budget Plan

i. Transportation and Travel

- The Investment Office welcomed a new leader in November 2011. Since that time, our newly appointed Chief Investment Officer has been evaluating our operations, policies, practices and procedures. One area identified for improvement is increasing "investment office staff engagement". Increasing staff engagement will be in two critical areas: Investment Operations and Education. Staff engagement is critical for evaluating and developing the investment portfolio in the coming years. In budget terms, this will require increases to the Investment Office travel and education spending plans.

ii. Special Orders / Minor Equipment

- The Investment Office is requesting \$167,000 increase to the Services and Supplies budget for the 2012-2013 Fiscal Year. Part of this request is for the purchase of either dual monitor configurations or larger monitors, increasing the ability to work with multiple files simultaneously. The ability to view multiple files simultaneously will allow staff to be more efficient and productive. The remainder is to increase the budget by \$150,000 to add or replace technology, purchase new software programs that will streamline and enhance the work process for

staff in the Investment Office, and provide additional analytical ability to staff. One of the software programs that the Investment Office is contemplating is a new risk management system for Equities and Fixed Income. This will enhance staff ability to review quantitative information regarding managers and their performance. Staff is also looking into a database that provides the ability to screen more effectively for manager searches and presents a more efficient means to track manager meetings. This database is independent from consultant databases, is updated with latest information from new and existing managers and is used by many consultants and plan sponsors. With this database staff will reduce dependence on the consultant.

### 3) Systems

#### a. FY 2012-FY 2013 Approved Budget Plan

##### i. Replace and Upgrade Enterprise Network/Data Switch

- In FY2011-FY2012, LACERA's second generation ENS was declared end-of-life by its manufacturer. Although support and replacement parts will continue to be available for some time, new parts are no longer available for purchase. As a result, we cannot support any expansion, build out, or maintain spare components (as part of our failure/fault mitigation policy). With the ever-increasing reliance and demand on information technology, the next generation ENS will be significantly more advanced. The switch fabric must be able to exchange multiple terabytes of data each second while maintaining the same reliability that LACERA has come to enjoy. Our design will also introduce Power-over-Ethernet (PoE). PoE provides electrical power to small network devices over the same network wiring, eliminating the need for separate power sources.

##### ii. Replace Technology Center Cooling Systems

- The cooling systems provide the critical environmental controls for technology equipment to function properly. They not only maintain the necessary operational temperature, but the air-conditioning also controls humidity and dew point. The reliability of computer systems can be affected when either element is outside of normal range for an extended period. The current cooling systems have been in operation for over eight years. The typical life of these systems is five to ten years. Due to advancing cooling technologies, major rebuild of the existing systems is cost ineffective. This pro-active, three-year, three-phase project will result in the complete replacement of all cooling systems that support the Mainframe, Network Operations Center, Telecommunications Center, and Emergency Power Units.

b. FY 2014-FY 2015 Approved Budget Plan

i. Mainframe Replacement

- Originally deployed in 2003, our conservative approach helped us to leverage the existing system beyond the average mainframe lifetime, such that IBM has declared that our mainframe will reach end-of-life (EOL) in January 2015. IBM does not directly support EOL mainframes. While there are 3rd-party support options, it is less expensive to operate a new mainframe because the support costs of the EOL mainframe will dramatically increase.

ii. ECM/Disability Operation

- We are instituting a two-pronged approach to better encompass our Disability operational requirements. Understanding that it is both process-driven and document centric, we are designing a process management system and a document management system. The process management system will be constructed atop our existing Member Workspace framework. This approach imparts many benefits including data sharing, integrated security, and sustainability. The document management system will be a secure, digital document ecospace where documents can be submitted, transported, and assembled. We plan to build upon our existing Enterprise Content Management system; this approach also provides the advantages of unified management and security. Furthermore, the document management features will be the gateway to digital Disability Board packages.

iii. Enterprise Routers Replacement

- LACERA's enterprise routers have been in service since 2002. The routers manage all Internet traffic in and out of LACERA. Like the mainframe's longevity, we were able to sustain its performance and efficacy beyond industry average. Slated to be end-of-life in 2016, we are proactively replacing them in the upcoming year.

iv. Board Operation Management System

- With an aging Boardroom audiovisual system (implemented in 2003), new Board Committees, and increasing demands for digital content, staff is looking to implement a system to help streamline Board document production as well as upgrading old equipment. To improve upon the current manual, paper-shuffling process, Phase 1 is focused on introducing a digital environment where memos, agendas, and minutes are created and managed through an automated system. This system will become the core component of future developments, which include mobile delivery enhancements and a full replacement of the Boardroom's audiovisual system.

c. FY 2016-FY 2017 Approved Budget Plan

i. DPC Image Capture Replacement

- The Capture system is used to scan paper-based member correspondences. This project provides for a standards-based image capture product, replacing the proprietary legacy system.

ii. Enterprise Microsoft Implementation

- This project begins the implementation track of the Microsoft products purchased from the previous fiscal year, including Directory Services, Office, and Exchange.

iii. Board Operations System

- This is an incremental update to the aging Boardroom audiovisual systems. The update will include control systems, amplifiers, and recording devices.

iv. Customer Feedback System

- Improving our Call Center member survey capabilities, this system provides for a more flexible and effective automated survey collection process.

v. Enterprise Accounting System upgrade

- Major version upgrade for the general ledger and accounting system. This is a manufacturer mandated upgrade to maintain support and patch updates.

vi. Redundant Enterprise Internet Connection

- Provides a backup Internet connection to LACERA if the primary Internet connection fails. As more hosted, “cloud” solutions are leveraged, the backup connection will help to prevent business interruptions.

vii. Filenet Upgrade

- Major version upgrade for the Filenet imaging and workflow system. This is a manufacturer mandated upgrade to maintain support and patch updates.

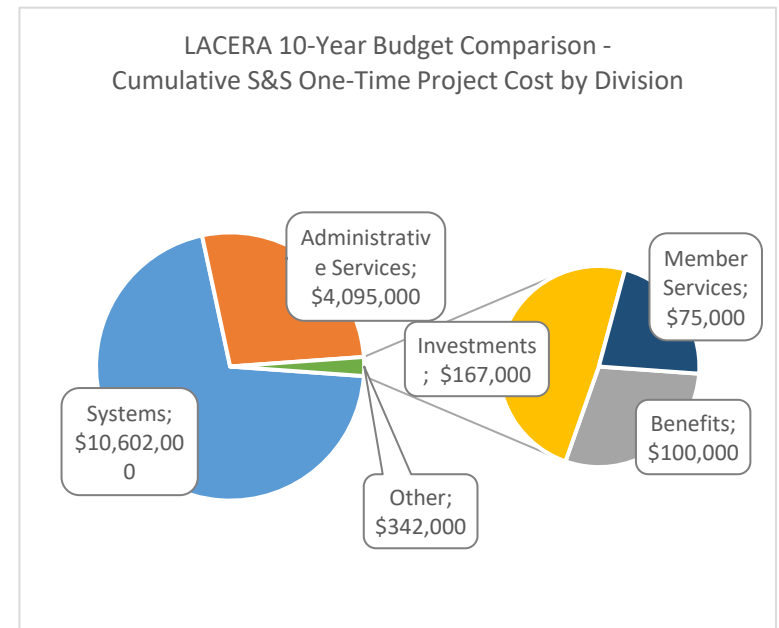


ANALYSIS OF RATIONALE #5

The total one-time S&S project costs over the last decade is \$12.6 million. Out of the total one-time S&S project costs, Systems Division incurred \$8.7 million (70% of the total) and Administrative Services Division incurred \$3.4 million (27% of the total).

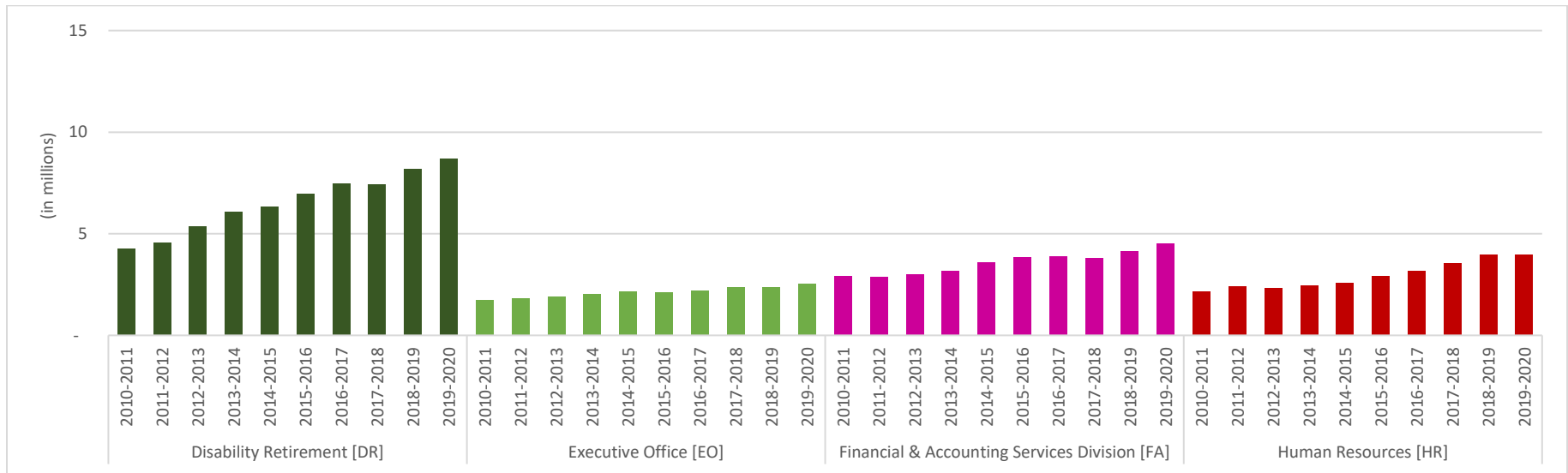
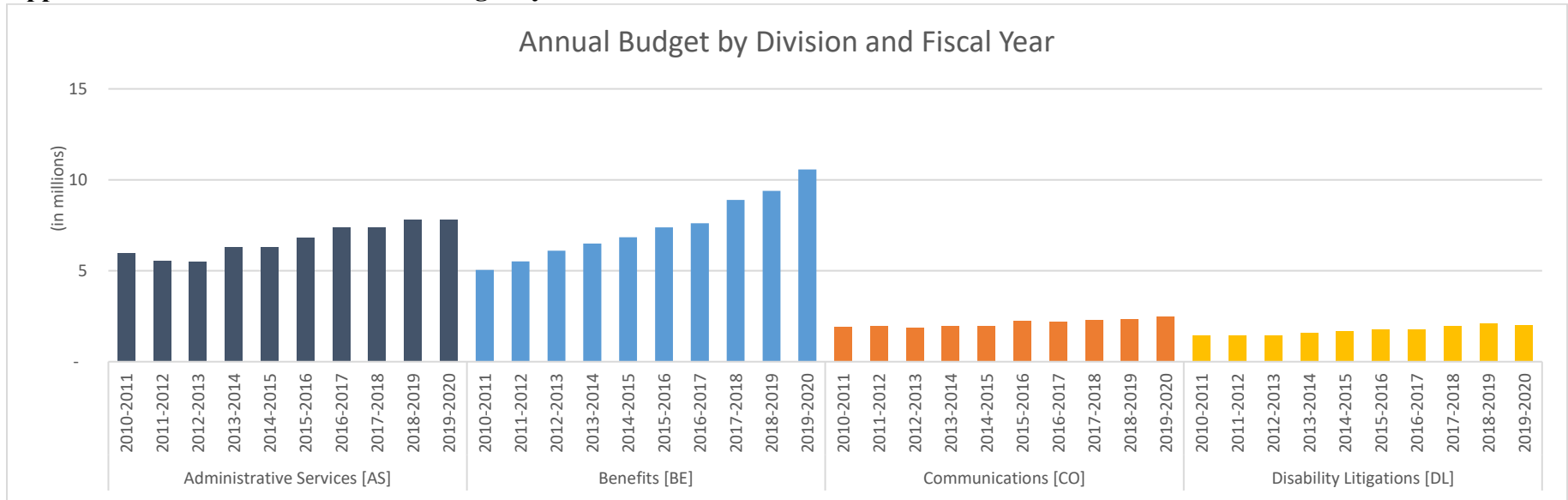
Administrative Services Division’s one-time S&S project costs were solely for the purpose of building and renovation upgrades. The annual renovation budget ranged from \$250,000 to \$650,000.

System Division’s one-time S&S project costs were heavily concentrated in computer services & support and communications. The three highest singular S&S one-time project cost budgeted over the past ten years were: 1) Enterprise Workstation Replacement for \$975,000 in FYE 2016, 2) Network Data Switch for \$650,000 in FYE 2013, and 3) Microfiche Conversion for \$575,000 in FYE 2011. The three highest cost multi-year major improvement projects that spanned over multi-years were: 1) Network Data Switch for \$1,000,000, 2) Board Operations System for \$800,000, and 3) Telephone System Updates for \$550,000.

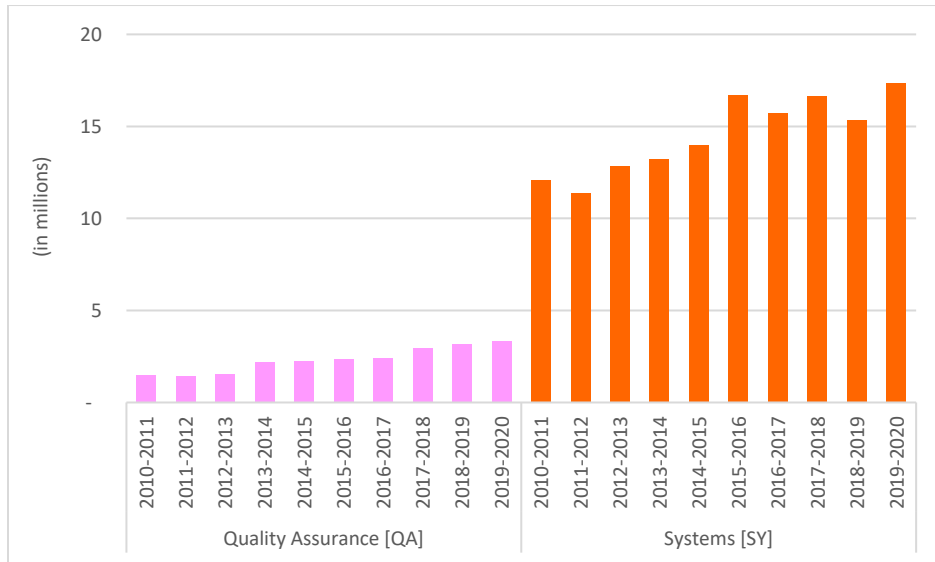
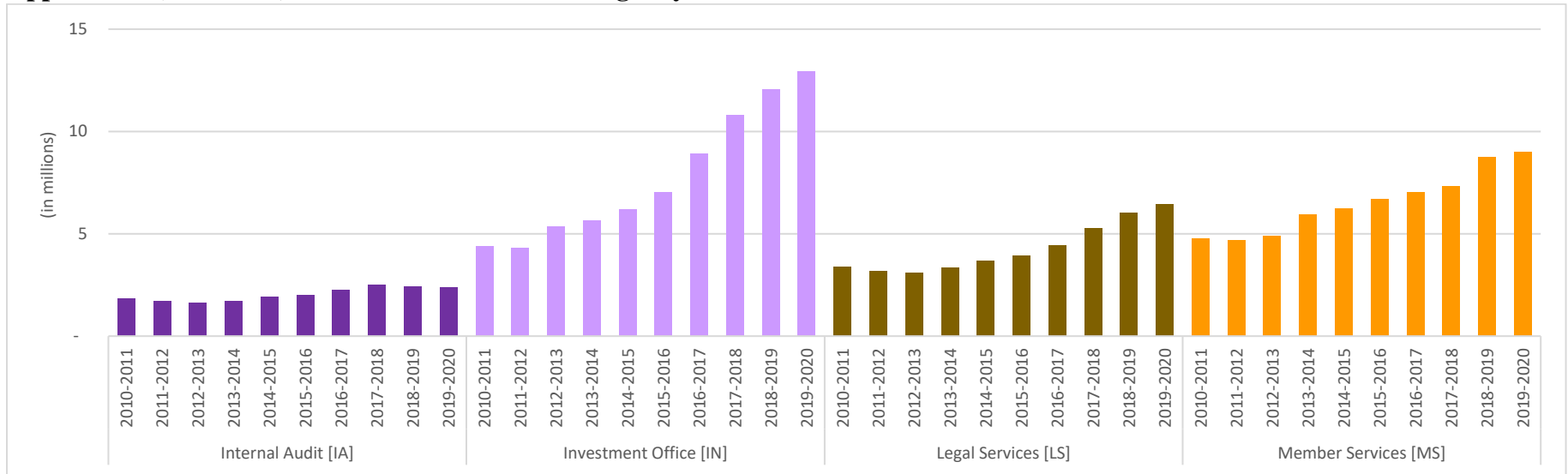


For reference, **Appendix A** displays the ten-year budget trend for all fourteen LACERA divisions.

**Appendix A: LACERA's Ten-Year Budget by Division**



**Appendix A (continued): LACERA's Ten-Year Budget by Division**



## EXECUTIVE SUMMARY- LACERA Administrative Budget

In accordance with Government Code Section 31580.2 of The County Employees Retirement Law, and the Joint Organizational Governance Committee (JOGC) Charter we are pleased to present the FY 2020-2021 Proposed Administrative Budget for your consideration.

A budget should reflect the Mission, Vision, Values, and top priorities for an organization as outlined in its Strategic Plans and demonstrate how those plans will be implemented. The FY 2020-2021 Administrative Budget was created to support the mission and strategic goals of LACERA. (See Appendix A for LACERA's Strategic Plan).

### **Mission Statement:**

Our mission is to produce, protect and provide the promised benefits through prudent investment and conservation of plan assets by the expert administration of the pension system while providing exceptional service to our members and beneficiaries.

### **Vision Statement:**

Our vision is our pledge to be the premier retirement association through excellence in retirement law; commitment to teamwork; trust to safeguard assets; and service to members that is courteous, professional, and 100 percent accurate.

### **Our Values:**

- Professionalism
- Respect
- Open Communications
- Fairness
- Integrity
- Teamwork

The LACERA management team is committed to working together across divisional boundaries to deliver a high level of service to our members. The budget development process includes a considerable amount of collaborative discussion and cross-divisional cooperation. This is done so that the budget reflects our mission, our values, and our organizational needs and goals.

Our approach to drafting the FY 2020-2021 spending plan was to develop a status quo budget with minimal changes from the prior year. At mid-year, we planned to return for approval of additional budgetary resources once metrics are developed to more fully address operational needs. We believe this staggered budget development approach will enable the new executive leadership time to develop the strategic direction and to support the management team with realigning resources.

The original FY 2020-2021 Preliminary Budget was transmitted to the JOGC for its consideration at the JOGC meeting scheduled for March. Unfortunately, that meeting was cancelled due to the rapidly moving and ever-evolving COVID-19 pandemic and the need for the Executive Team to devote its full attention to protecting the safety and health of our employees.

At the April JOGC meeting we presented a revised Preliminary Budget that included additional budgetary adjustments to address the “new normal” as we continue to rapidly transition to a secure remote work environment in response to the pandemic. The transition to this new work environment requires immediate changes to the technology and operational requirements of the organization. More modest budget changes may follow later in the year as we continue to navigate our way through unexpected operational challenges.

The budget consists of two major components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S). The Proposed Administrative Budget request for FY 2020-2021 is \$97,726,389 representing a 3.3% increase from the previous year amount of \$94,599,990. This increase represents a 6.3% increase in S&EB costs and an 8.0% decrease in S&S costs.

### **Salaries and Employee Benefits**

The majority of the Proposed Administrative Budget is S&EB costs. The 6.3% or \$4.7 million increase from the prior year can be attributed to the following:

- Three New Positions
- Three Upgraded Positions
- MOU Negotiated Increases
- Salary Step Increases
- Performance/Merit Increases

The significant changes from the prior year budget are highlighted below:

#### **New and Upgraded Positions**

We included a request for a *Public Information Officer (PIO)* to assist with coordinating and actively managing LACERA’s media responses and our social media platforms that we plan to launch in the upcoming fiscal year. We believe that having a dedicated public relations professional on staff will enhance our ability to respond to media inquiries expeditiously, and enhance our ability to provide information to our retired and active members in multiple ways. These alternative communication channels require a great deal of time, effort and thought to develop and manage given the short news cycles and need for publications and media outlets to produce content. The cost for adding this position to the budget is approximately \$124,000 annually. Although the PIO position is an existing ordinance position and thus will not require action by the County to add to our ordinance positions, it is possible that we may need to conduct a compensation study if it is determined this is a

below market rate once we begin recruiting.

We are requesting to add two permanent positions in the Procurement Unit at the level of *Procurement and Supply Clerk*. We discovered that the Procurement and Supply Clerk position was reclassified years ago to a Procurement Assistant II position. Previously the Supply Clerk position had arduous duties in the job classification. When the position was reclassified it no longer included the arduous capacity. This appears to be an oversight. As the Procurement Unit's responsibilities often include heavy lifting, the additional positions are needed to perform these tasks. The cost of adding these 2 positions is approximately \$134,000.

The recommendation to upgrade lower level positions to higher level ones by swapping out legacy items with more appropriate positions remains unchanged. These upgraded positions are needed to handle the higher level of work complexity, training responsibilities and supervision requirements needed to maximize our effectiveness in delivering exceptional services to our members.

### **Services and Supplies**

The Services and Supplies (S&S) costs are reflective of the daily operational needs of the organization and are primarily based on historical expenditures adjusted for inflation. The 8.0% or \$1.6 million decrease in S&S costs relate to the following:

- Decrease mostly related to the management team's focus on efficiency and a concerted effort to budget more closely to actual expenditure.
- Decrease in Travel, Training and Education expenses expected to be reduced based on the COVID-19 Pandemic.
- Increase in technology costs related to our plan to implement a secure remote work environment.

Items to highlight in the S&S Budget include the following:

#### **Transportation, Travel and Educational Expenses**

Because of the unpredictable nature of the coronavirus and the uncertainty of the lasting effects of the disease on global, national and local communities, we will be continuing our no travel directive on international, national and local travel by staff. We will continue to monitor local, state and national health and travel warnings to inform our future decisions to relax the no travel policy for staff. However, we deem it highly unlikely that staff travel will resume to its pre-crisis level in the near future. As such, we reduced the travel and transportation budget by 31.7% and the educational expense budget by 19.2% from the prior year amount to reflect the anticipated travel constraints through the end of the calendar year.

In the meantime, and until the travel situation changes for the better, we are encouraging Trustees and staff to participate in educational conferences and training via webinar. Staff with educational requirements for licenses or certifications have been encouraged to obtain that education online at no or low cost, instead of traveling. From our research, many of these on-line offerings are free of charge and readily available to Trustees and staff. We will reassess our ability to perform business, legal and technical diligence with guidance from public health authorities.

The safety of our Trustees, employees and valued LACERA members will remain our primary focus moving forward. We will continue to deal with the aftermath of the pandemic on our operations while at the same time transitioning from the current COVID-19 operating state to the potential for a remote work environment being our “new normal”.

### Remote Call Center

We are requesting supplemental funding in the amount of up to \$250,000 to pay for ongoing costs due to the establishment of a remote call center solution as part of LACERA’s response to the pandemic.

To support and sustain our call center operations under the anticipated “new normal”, we intend to maintain the remote call center for the foreseeable future. The Amazon Web Service (AWS) platform that was set up by Systems and tested by our Member Service teams went live on April 30, 2020. The remote call centers have restored LACERA’s ability to interact with our members as we had before the pandemic. Since that date we have handled over 4,800 hundred members in the Member Services call center and over 1,700 calls in our Retiree Healthcare call center.

Given the virtual call center was implemented as a quick solution with essential but limited functions, it does not provide for the full extent and features of our internal call center. For the long-term, we will research a solution to permanently enable our call center with remote capabilities containing all of our existing feature sets, such as member recordings linked to the member’s permanent record, detailed performance reports, and visual screen recordings. This budget request principally supports the COVID-19 remote call center while staff works to identify a more permanent solution that will enhance our remote service capabilities and become a permanent fixture in our disaster recovery and business continuity planning efforts.

### Cloud Service Migration

As we are accelerating our plans to implement a secured remote workforce infrastructure, we are also stepping ahead to migrate more of our server operations into the cloud. The requested funding in the amount of \$300,000 is our initial investment to migrate a select number of key servers into the cloud. This separate effort will enhance our previous remote workforce project and transform LACERA into a more resilient organization and one with multiple redundancies. Our disaster recovery program will also benefit from having critical

systems available should LACERA's building become inoperable. As always, we need to strike the right balance between security and service. We will be engaging vendor resources to help us with the initial cloud migration process.

### Workstation/Remote Office Equipment

Supplemental funding in the amount of \$250,000 is recommended to provide for the acquisition of computing equipment, including laptops and accessories for approximately 100 to 125 remote-working employees. During the COVID-19 emergency, IT staff deployed desktop computers for remote use. Using laptops and accessories designed for a remote work environment provides better utility and functionality, such as inclusion of webcams and microphones for meetings and member calls as well as larger screens.

### **LACERA Austerity Plan**

In recognition of the harsh realities that this pandemic has had and will continue to exert on local public health resources, the economy, our plan sponsor and most importantly our members, we are proposing that LACERA adopt a COVID-19 Austerity Plan (CAP) to help guide us through these unprecedented times.

LACERA's operational funding is not dependent on the value of the pension fund assets, but rather the actuarial liabilities of the fund. As a result, it does not have the same financial pressures as our plan sponsor and other governmental agencies. In fact, based on our funding formula of twenty-one basis points applied to our actuarial liabilities, LACERA is estimating a \$59 million contingency reserve assuming all budget recommendations are approved by the Boards. This puts us in a solid budgetary position to weather this challenging and uncertain time.

Nonetheless, we believe it is prudent for LACERA as an organization to tighten its financial belt and implement the following CAP measures through FY 2020-21 at a minimum.

- Continue with the closure of our Member Services Center with the intent of eliminating all in-house counseling sessions during the work week and on Saturdays until reopening is consistent with public health professional guidelines. We will replace these in-house counseling sessions with virtual one-on-one sessions.
- Eliminate all non-essential in-person outreach efforts until it is deemed safe to resume local business operations by public health officials. We will replace these efforts with virtual opportunities
- Continue with the no travel directive for international, national and local travel by staff for due diligence and educational purposes until health and national advisories for international, domestic and local travel warnings are lifted.
- Postpone replacement of in office workstations and any other major building renovation project until further notice. The installation and upgrade of at-home



technical tools may be required and will be evaluated and approved on a case-by-case basis.

- Freeze the purchase of all non-essential items and equipment until further notice.
- Restrict overtime and the use of compensation time to the greatest extent possible given the remote work environment we are operating under.
- Implement a hard hiring freeze on non-essential permanent and temporary employees until further notice.
- Implement a soft hiring freeze on essential permanent and temporary staff required to continue the high functioning of the pension system, the first-class management of our investment operations, and the delivery of critical technology and vital administrative support services.
- Authority to hire essential pension and support staff will be thoroughly examined and solely determined by the Chief Executive Officer and for investment staffing purposes by the CEO in close consultation with the Chief Investment Officer.

## **Summary**

The Proposed Administrative Budget request for FY 2020-2021 is \$97,726,389 representing a 3.3% increase from the previous year amount of \$94,599,990. The management team has worked diligently to draft a budget that supports LACERA's ongoing needs. While today we present a status quo budget, we look forward to collaborating with the new executive leadership to develop and prioritize a new strategic plan that incorporates bold and innovative ways to provide more efficient and cost-effective ways to serve our members.

For additional details related to the budget request, see the following sections:

- Budget Request Summary
- Salaries and Employee Benefits Detail
- Services and Supplies Detail
- Detail by Division



December 7, 2020

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: Santos H. Kreimann <sup>SHK</sup>  
Chief Executive Officer

FOR: December 16, 2020 Joint Board of Retirement and Board of Investments Meeting

SUBJECT: **FY 2020-21 PROPOSED MID-YEAR BUDGET AMENDMENT**

### **RECOMMENDATION**

That the Board of Retirement and Board of Investments adopt the FY 2020-21 Mid-Year Budget Amendments for the LACERA Administrative and Retiree Health Care Benefits Program Budgets.

### **DISCUSSION**

During the FY 2020-21 budget adoption, the spending plan had minimal changes from the prior year. The budget was intended to maintain the status quo until a much deeper dive of the office operations and administrative support functions could be completed. At that time, we shared our plan to conduct a mid-year budget review and to present a supplemental budget request for additional resources. The Budget Team collaborated with the Executive Office and the Management Team to re-assess the organizational goals and priorities. We identified critical projects and funding needs that support improving operations and streamlining processes. Wherever possible, we have offset some of these costs by identifying salary savings and re-evaluating some lower priority projects.

We are pleased to present the FY 2020-21 Proposed Mid-Year Budget Amendments.

### **Proposed Mid-Year Budget Amendments for FY 2020-21**

The Proposed Mid-Year Budget Amendment amount for FY 2020-21 in the amount of \$2.6 million reflects additional funding to account for IT related projects, COVID-19 related necessities, increased recruitment expenses and building costs related to the upcoming renewal of LACERA's office space lease. Other budget amendments include a reallocation of permanent salaries, variable benefits, and temporary staff funding to reflect LACERA's adjusted hiring plans due to the COVID-19 pandemic and to offset some of the costs of the additional funding requested.

See overall and division financial summaries on Exhibit A and Exhibit B.

### **Salaries and Employee Benefit Changes**

There are no requests to add additional positions at this time. Our goal is to focus on filling as many of the current vacancies as possible, on a prioritized basis.

During the budget development process, we calculate a salary savings for the number of months that a position will be vacant during the fiscal year. Due to the COVID19 Pandemic, hiring plans were delayed and timelines have shifted. We worked with the Management Team and Human Resources to reassess the vacancy estimates. Based on this examination, it was determined that positions would remain vacant for several months longer than what was originally planned and that we would retain temporary staff for a longer period. To account for this in the budget, we propose to reallocate funding by reducing Permanent Salaries and Variable Benefits by \$2.6 million and increasing Temporary staff salaries by \$2.2 million. The net affect was a decrease in Salaries and Employee Benefits of \$361,672.

### **Services and Supplies Budget Modifications**

A closer examination of the ongoing needs of the office and the previous funding allocations resulted in a proposal to increase the overall Services and Supplies (S&S) Budget. The recommended modifications increase the total S&S Budget request by \$2.9 million from an aggregate budget amount of \$18.2 million for a revised total of \$21.2 million, a 16% increase in the budget appropriation.

The recommended S&S Budget adjustments for your consideration are highlighted below.

### **IT Related Projects**

In alignment with the IT Modernization roadmap communicated in the CEO's "100-day Management Report" we are requesting funding for several critical IT related projects designed to improve security, disaster recovery, and operational efficiencies as follows:

#### **Centera Replacement**

LACERA's Write Once Read Many (WORM) storage device, which houses our member's information, is at the end of life. To continue effectively servicing our members, the organization needs to replace this system with an upgraded modern solution. The estimated costs to upgrade our current storage solution is \$500,000, which includes the software, hardware, and professional services to migrate our current data. The costs will also include evaluating other solutions in the marketplace that ensures the organization is able to scale our data storage needs, as LACERA's membership grows, while meeting our requirements that the data does not change once written.

### IT Disaster Recovery

A solid IT disaster recovery (DR) plan is a foundational component of any IT environment. The purpose of the ITDR plan is to minimize the operational and financial impact of a disaster upon an organization. This is achieved by understanding the needs of the business and having a program appropriately structured to return the business to its expected level of acceptable operations in a timely manner. As with any other plan, the ITDR plan is a living document that must be consistently evaluated, updated, and tested as the data processing environment evolves. Due to the ongoing COVID-19 pandemic and to ensure LACERA's IT operations remains resilient to unforeseen events, we have identified a need to update our current ITDR plan. We are requesting additional funding in the amount of \$300,000 for a disaster recovery and business continuity consultant with appropriate subject matter expertise as well as hardware to include routers, firewalls, and relevant network architecture.

### Enterprise Wireless (Wi-Fi) Network

To promote mobility, collaboration, and information accessibility, the Systems Division is requesting additional funding of \$300,000 to bring an enterprise wireless network to LACERA's headquarters in Pasadena. The wireless network will help staff stay connected while moving throughout our work site, and provide access to updated communications, documents, and applications on the network, anywhere, anytime. LACERA can also look to grow our network efficiently in the future by adding new users and locations without needing to run physical cables and wires, thereby reaching areas that may have been challenging to reach with a wired network. Additionally, a wireless network will improve our customer experience by offering secured network access to guest users, including members and business partners, while keeping your internal network resources protected.

### Member Case Management System

An integrated Member Case Management System (CMS) will service all member support functions including benefits, member services, disability retirement, disability litigation and retiree healthcare. CMS will help with tracking cases and provide metrics to assess and improve customer service and operational efficiency. For example, we currently have 625 disability cases in the pipeline that are tracked manually, making the workflow management process labor intensive. The total estimated cost for this project is approximately \$300,000, however we expect the project timeline to cover multiple years. For the FY 2020-21 mid- year adjustment, we are requesting \$100,000 as part of the initial implementation costs.

### Administrative Workflow Management System

To drive business growth, increase resiliency and enhance employee productivity, the Systems Division is requesting additional funding to implement an automated enterprise workflow solution. This estimate is for a workflow management system for administrative workflows, such as Human Resources (e.g. onboarding and out-of-service), IT Service Management (ITSM), Security, Operations, and Governance, Risk and Compliance (GRC). The solution will assist LACERA with creating; streamlining and improving many of the organizations paper based manual workflows and allowing

us to generate meaningful metrics which help focus future improvement efforts and forecasting for budget purposes. The total estimated costs for this project are \$300,000 however; we expect the project timeline to cover multiple years. For the FY 2020-21 mid-year adjustment, we are requesting \$100,000 as part of the initial implementation costs.

#### Cloud Access Security Broker (CASB)

As LACERA moves more and more applications to a Cloud Service strategy, there is a need for more advanced Access Control and Security. These advanced requirements will be achieved by acquiring a Cloud Access Security Broker or CASB solution. The additional funding for this solution is estimated at approximately \$150,000, which represents the acquisition costs and includes professional services and knowledge transfer from the vendor resources. This solution will provide necessary functionality for Cloud Based Data Loss Prevention (DLP), Secure Web Gateway (Internet Filtering), Cloud based Private Access (VPN) and Threat Protection. Additionally, as we move to the cloud and take advantage of the CASB features, we will have the opportunity for cost saving and discontinue some of the duplicate services currently active in our physical (on premise) data center.

#### IBM Mainframe & Microsoft Dynamics Great Plains (GP) Cloud Migration

To augment LACERA's existing Cloud Service Migration strategy, the organization has identified two critical systems that would benefit from an accelerated and focused effort to move those services to a vendor-hosted solution. The first system is LACERA's IBM Mainframe, which processes all the organizations batch jobs, and the second is Microsoft Dynamics Great Plains, which is our accounting and financial reporting software. The additional cloud migration funding for these two systems is estimated at approximately \$100,000 for each system (\$200,000 total) and includes the professional resources and services needed to migrate our existing infrastructure to a resilient cloud-based infrastructure. Additionally, moving these two services to the cloud will further enhance the organizations disaster recovery program should LACERA's building become inoperable.

#### Budget System Software

In alignment with our strategic initiative to revamp the budget process we are requesting additional funding in the amount of \$140,000 to implement budget software to assist with preparing the LACERA budgets. Our current budget development process is manual and includes many interconnected Excel spreadsheets. With the manual process, data changes are cumbersome, time consuming and prone to errors. The automated system will enable the budget team to develop the budget quicker, monitor trends and develop budget to actual reports with ease. The budget software will also support LACERA's move to tie the strategic initiatives to the budget.

**Building Costs**

On April 4, 1990, LACERA formed the LACERA Gateway Plaza Property Inc. Title Holding Corporation and on April 17, 1990, the corporation successfully acquired the Gateway Property office building located at 300 N. Lake Avenue in Pasadena, California. On January 1, 1991, LACERA signed a lease to occupy 83,593 square feet of office space. The multi-tenant asset is held as part of LACERA’s real estate investment portfolio and managed by the Investment Office. In matters relating to LACERA’s tenancy in the building, the Investment Office acts on behalf of the owner and Administrative Services acts on behalf of the tenant.

The original lease agreement was for 10 years with the right to extend the lease for five consecutive five-year periods, until December 31, 2025. Over the years, LACERA operations expanded and we currently occupy 130,324 square feet or 45.9% of the space in the building. Space occupancy changes were added as amendments to the original lease agreement. The lease is set to expire on December 31, 2020. See space listing outlined below:

Suite #	Tenant	SQF
100	LACERA	6,777
200	LACERA	5,078
300	LACERA	21,996
500	LACERA	22,170
600	LACERA	22,252
700	LACERA	22,333
800	LACERA	22,414
1000	LACERA	2,539
<b>Total Premises</b>		125,559
LL-9, 11 & 65	LACERA STORAGE	4,765
<b>Total Premises plus Storage</b>		130,324

LACERA has historically only paid its pro-rata share of operating expenses and the base rent was abated. This practice was established in recognition of the fact that funds paid from LACERA as rent were received by LACERA as income from the investment property. These two factors cancelled each other out, resulting in a net zero impact to the fund. While there was no net economic impact, there are two other implications. First, LACERA’s operating expenses as a rent paying tenant are understated since the base rent is not being paid. Second, the income from the investment is understated since base rent from LACERA is not being received.

Staff now proposes to improve transparency and more accurately reflect the true cost of LACERA operations by amending prior practice to have LACERA pay base rent. This would result in the administrative expenses for LACERA reflecting the true cost of

occupancy in the building. Similarly, it would result in the investment income from the building accurately reflecting the true economics of building ownership.

We have completed negotiations with LACERA Gateway Property Inc., for the final five-year extension of the original lease with modifications to consolidate all the additional space amendments signed over the years into one single agreement. The new modified extension lease will reflect costs that include an initial base rental rate of \$3.55 per square foot per month, which is the current market rate for the occupied space. This rate is inclusive of operating expenses in the first year. The base rental rate would increase by 3% annually and, in addition, LACERA would pay its pro-rata share 45.9% of any increases in operating expenses. The total cost over the five-year period is estimated to total \$28,426,979 as listed below:

Standard Rent Structure								
Modified Gross Lease								
Calendar Year	Premises Rent*		Storage Rent		OpEx Calculation**		Total	\$/RSF
2021	\$3.55	4,011,971	\$1.50	7,148	N/A - Base Year		<b>4,019,119</b>	\$2.57 ***
2022	\$3.66	5,514,551	\$1.50	7,148	45.90%	123,521	<b>5,645,219</b>	\$3.61
2023	\$3.77	5,680,289	\$1.50	7,148	45.90%	254,453	<b>5,941,889</b>	\$3.80
2024	\$3.88	5,846,027	\$1.50	7,148	45.90%	393,241	<b>6,246,415</b>	\$3.99
2025	\$4.00	6,026,832	\$1.50	7,148	45.90%	540,356	<b>6,574,336</b>	\$4.20
Total							<b>28,426,979</b>	

- \* Rent increases 3% annually
- \*\* Operating Expense estimated to increase 6% annually
- \*\*\* Includes 3 month rent abatement of \$1,336,842

Based on this estimate, we are requesting an increase to the budget of \$628,018 to fund the projected budget shortfall resulting from the new modified lease extension and rent payment terms starting on January 1, 2021. This will increase the Rent and Building Operational Costs from \$1,700,000 to \$2,328,018. This figure represents the incremental amount needed to cover rental and operating costs for the last six months of FY 2020-21. At the November 17, 2020 JOGC meeting we originally estimated this amount to be \$1,960,600. The budget request was reduced to \$628,018 to account for a negotiated three-month rent abatement of \$1,336,842 and an adjustment for increased actual expenditures of \$4,260. The projected lease costs outlined in the above chart are based on a full calendar year. The schedule below identifies costs and adjustments based on fiscal year.

Budget Adjustment FY 2021-22	
	Rent
July 1 - December 31, 2020	986,879
January 1 - June 30, 2021	1,341,139 *
Revised Budget Amount	2,328,018
Adopted Budget	(1,700,000)
<b>Budget Adjustment</b>	<b>628,018</b>

\* Includes 3 month rent abatement amount of \$1,336,842

Accordingly, the new modified lease extension will have impacts to future budget requests. Because the new agreement includes payment for the actual rental costs of the building, the increase in future budgets will reflect the full year cost of the lease as represented by the “standard rent structure” chart above.

The chart below provides a comparison of cost between the two lease structures.

LACERA Rent Comparison			
Calendar Year	OpEx Only	OpEx & Base Rent	Difference
2021	2,092,183	4,019,119	1,926,936 *
2022	2,217,714	5,645,219	3,427,506
2023	2,350,777	5,941,889	3,591,113
2024	2,491,823	6,246,415	3,754,592
2025	2,641,333	6,574,336	3,933,003
<b>Totals</b>	<b>11,793,829</b>	<b>28,426,979</b>	<b>16,633,150</b>

\* Includes 3 month rent abatement of \$1,336,842

**COVID Related Expenses**

Increased costs to safeguard staff and members related to COVID, include Personal Protective Equipment such as face masks, gloves, disinfectant wipes, hand sanitizers and air purifiers. Additional expenses include enhanced COVID related cleanings and workplace modifications to meet spacing requirements. We estimate this amount to be \$276,000.

**Recruitment Expenses**

During this fiscal year, Human Resources will engage various executive recruiting firms to find qualified candidates to permanently fill LACERA’s Deputy Chief Executive Officer, Assistant Executive Officer, Chief Technology Officer, and Chief Information Security Officer positions. The typical amount paid to an executive recruiting firm is approximately one-third of the hired candidate’s salary. We estimate the additional recruitment expense



to be \$255,000. The current recruitment budget of \$200,000 cannot absorb these anticipated costs.

### **Transportation and Travel Expenses**

Because of the uncertainty surrounding the COVID-19 pandemic, Transportation and Travel expense categories were reduced in the adopted budget by 32% from the prior year budget. Because the uncertainty remains, we will continue our no travel directive on international, national, and local travel by staff. We deem it highly unlikely that staff travel will resume to its pre-crisis level. As such, we further reduced the Transportation and Travel budget by \$382,500 or 41.9% to reflect the anticipated travel constraints through the end of the fiscal year.

In the meantime, and until the travel situation changes for the better, we continue to encourage Trustees and staff, to participate in educational conferences and training via webinar. Staff with educational requirements for licenses or certifications have been encouraged to obtain that education online, instead of traveling.

### **Retiree Healthcare Budget and Other Post Employment Benefit Trust Budget**

We carefully reviewed the Retiree Healthcare (RHC) Budget assumptions to determine if adjustments should be recommended. Hiring plan timelines also shifted for RHC due to the COVID-19 pandemic. As a result, we reduced permanent salaries and variable benefits and increased temporary staff funding to account for positions remaining vacant longer and retaining temporary staff for a longer period. Based on this analysis, we reduced Permanent Salaries and Variable Benefits by \$562,307 and increased Temporary staff expenses by \$308,000. The net affect was a decrease in Salaries and Employee Benefits of \$254,307.

RHC Transportation and Travel expenses were reduced by \$25,000 to reflect the anticipated travel constraints because of the Coronavirus.

Similarly, our review of the OPEB Trust concluded that no further modifications are required at this time.

### **CONCLUSION**

The proposed amendments to the Administrative Budget results in an estimated total budget of \$100,290,517. This is a \$2.6 million increase compared to the original adopted budget of \$97,726,389 and represents a 2.6% increase in the budget appropriation.

The proposed amendments to the Retiree Healthcare Budget results in an estimated total budget of \$9,153,667. This is a \$279,307 decrease compared to the original adopted budget of \$9,432,974 and represents a 3% decrease in the budget appropriation.

Each Trustee, Board of Retirement and Board of Investments  
Re: FY 2020-21 Mid-Year Budget Amendments Adoption  
December 7, 2020  
Page 9

The proposed adjustments were well considered and represent funding necessary to maintain operations at peak levels and support the achievement of our strategic goals and initiatives.

IT IS THEREFORE RECOMMENDED THAT THE BOARD:

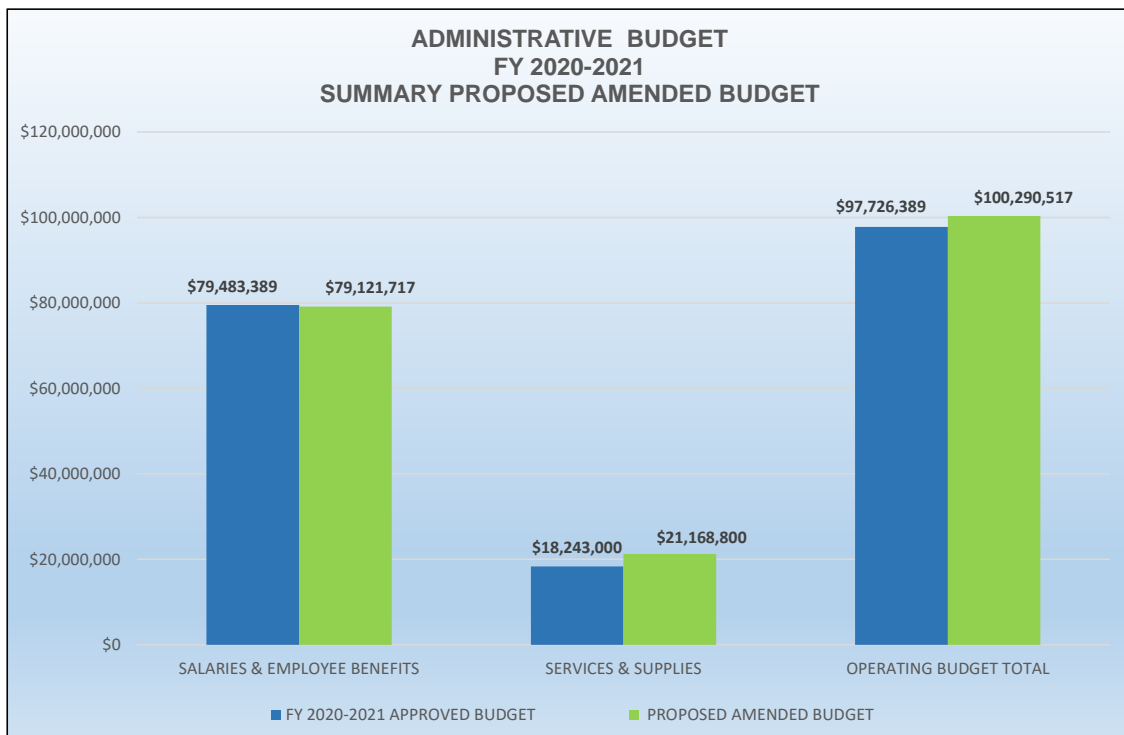
Adopt the FY 2020-2021 Mid-Year Budget Amendments for the LACERA Administrative and Retiree Health Care Benefits Program Budgets.

KH:JJ:SHK:nm

Attachment (2)

**FY 2020-2021  
PROPOSED MID YEAR BUDGET AMENDMENT  
FINANCIAL SUMMARIES**

ADMINISTRATIVE BUDGET	FY 2020-2021 APPROVED BUDGET	MID-YEAR ADJUSTMENT AMOUNT	PROPOSED AMENDED BUDGET	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$79,483,389	(\$361,672)	\$79,121,717	-0.5%
SERVICES & SUPPLIES	\$18,243,000	\$2,925,800	\$21,168,800	16.0%
<b>OPERATING BUDGET TOTAL</b>	<b>\$97,726,389</b>	<b>\$2,564,128</b>	<b>\$100,290,517</b>	<b>2.6%</b>



**PROPOSED AMENDED BUDGET BY DIVISION**

<b>DIVISION</b>	<b>FY 2020-2021 APPROVED BUDGET</b>	<b>MID-YEAR ADJUSTMENT AMOUNT</b>	<b>PROPOSED AMENDED BUDGET</b>	<b>% CHANGE</b>
Administrative Services	\$7,989,142	\$791,609	\$8,780,750	9.9%
Benefits	10,260,348	46,200	10,306,548	0.5%
Board of Retirement	284,000	(145,000)	139,000	-51.1%
Board of Investments	495,000	(224,000)	271,000	-45.3%
Communications	3,085,151	(211,283)	2,873,868	-6.8%
Disability Litigation	2,079,978	(1,500)	2,078,478	-0.1%
Disability Retirement	8,730,604	(19,319)	8,711,285	-0.2%
Executive Office	2,270,915	57,206	2,328,120	2.5%
Financial & Accounting Services	4,165,022	(162,695)	4,002,327	-3.9%
Human Resources	3,871,758	324,000	4,195,758	8.4%
Internal Audit	2,582,486	(2,900)	2,579,586	-0.1%
Investment Office	14,434,263	(92,800)	14,341,463	-0.6%
Legal Services	6,549,462	(177,256)	6,372,206	-2.7%
Member Services	9,761,207	(18,800)	9,742,407	-0.2%
Quality Assurance	3,384,955	(109,863)	3,275,093	-3.2%
Systems	17,782,099	2,510,529	20,292,628	14.1%
<b>TOTAL</b>	<b>\$97,726,389</b>	<b>\$2,564,128</b>	<b>\$100,290,517</b>	<b>2.6%</b>

**PROPOSED AMENDED BUDGET BY S&EB CATEGORY**

<b>S&amp;EB CATEGORY</b>	<b>FY 2020-2021 APPROVED BUDGET</b>	<b>MID-YEAR ADJUSTMENT AMOUNT</b>	<b>PROPOSED AMENDED BUDGET</b>	<b>% CHANGE</b>
<b><u>SALARIES &amp; OTHER PAYS</u></b>				
Permanent / County Temporary	\$48,117,819	(\$1,772,090)	\$46,345,730	-3.7%
Agency Temporary	1,669,500	2,156,500	3,826,000	129.2%
LACERA Intern Program	0	72,000	72,000	0.0%
Stipends	65,000	0	65,000	0.0%
Overtime	801,900	0	801,900	0.0%
Bilingual Bonus	21,600	0	21,600	0.0%
Transportation Allowance	0	7,200	7,200	0.0%
Rideshare Allowance	70,300	0	70,300	0.0%
Sickleave Buyback	66,500	0	66,500	0.0%
Reserve For Remuneration	0	0	0	0.0%
<b>TOTAL SALARIES &amp; OTHER PAYS</b>	<b>\$50,812,619</b>	<b>\$463,610</b>	<b>\$51,276,230</b>	<b>0.9%</b>
<b><u>VARIABLE BENEFITS</u></b>				
Retirement	9,006,465	(262,153)	8,744,312	-2.9%
Fica Contribution	779,718	(18,771)	760,948	-2.4%
County Subsidy - Insurance	2,654,602	(162,393)	2,492,210	-6.1%
Options Plan	4,311,976	(123,201)	4,188,775	-2.9%
Life Insurance	18,735	(367)	18,369	-2.0%
Health Insurance Temps	277,043	0	277,043	0.0%
Flexible Benefit Plan	41,806	(4,387)	37,419	-10.5%
Thrift Plan / Horizons	1,508,445	(51,782)	1,456,663	-3.4%
Savings Plan	1,131,574	(38,520)	1,093,054	-3.4%
Pension Savings Plan	36,850	0	36,850	0.0%
Megaflex	4,707,637	(163,710)	4,543,926	-3.5%
<b>TOTAL VARIABLE BENEFITS</b>	<b>\$24,474,851</b>	<b>(\$825,283)</b>	<b>\$23,649,568</b>	<b>-3.4%</b>
<b>OPEB CONTRIBUTION</b>				
	<b>\$1,234,919</b>	<b>\$0</b>	<b>\$1,234,919</b>	<b>0.0%</b>
<b>OTHER BENEFITS</b>				
	<b>\$2,961,000</b>	<b>\$0</b>	<b>\$2,961,000</b>	<b>0.0%</b>
<b>TOTAL EMPLOYEE BENEFITS</b>				
	<b>\$28,670,770</b>	<b>(\$825,283)</b>	<b>\$27,845,487</b>	<b>-2.9%</b>
<b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>				
	<b>\$79,483,389</b>	<b>(\$361,672)</b>	<b>\$79,121,717</b>	<b>-0.5%</b>

**PROPOSED AMENDED BUDGET BY S&S CATEGORY**

<b>S&amp;S CATEGORY</b>	<b>FY 2020-2021 APPROVED BUDGET</b>	<b>MID-YEAR ADJUSTMENT AMOUNT</b>	<b>PROPOSED AMENDED BUDGET</b>	<b>% CHANGE</b>
Auto Expenses	\$36,800	\$0	\$36,800	0.0%
Communications	710,000	30,000	740,000	4.2%
Transportation & Travel	784,000	(328,500)	455,500	-41.9%
Postage	991,400	0	991,400	0.0%
Stationery & Forms	640,100	0	640,100	0.0%
Office Supplies & Equipment	837,000	122,000	959,000	14.6%
Insurance	714,900	33,400	748,300	4.7%
Equipment Maintenance	638,000	0	638,000	0.0%
Equipment Rents & Leases	310,000	0	310,000	0.0%
Building Costs	2,175,000	859,000	3,034,000	39.5%
Parking Fees	377,000	0	377,000	0.0%
Professional & Specialized Services	2,691,200	1,181,400	3,872,600	43.9%
Bank Services	204,000	(9,000)	195,000	-4.4%
Legal Fees & Services	435,500	0	435,500	0.0%
Disability Fees & Services	2,086,000	0	2,086,000	0.0%
Computer Services & Support	2,908,300	1,001,800	3,910,100	34.4%
Educational Expenses	1,221,700	(84,500)	1,137,200	-6.9%
Miscellaneous	482,100	120,200	602,300	24.9%
<b>TOTAL</b>	<b>\$18,243,000</b>	<b>\$2,925,800</b>	<b>\$21,168,800</b>	<b>16.0%</b>

**LACERA FY 2020-2021 Mid-Year Administrative Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Mid-Year Amended Budget S&EB Grand Total	Change
Gross Salary (1)	\$ 48,117,819	\$ 46,345,730	\$ (1,772,090)
Salary Differential	\$ -	\$ -	\$ -
<b>Permanent Salaries</b>	<b>\$ 48,117,819</b>	<b>\$ 46,345,730</b>	<b>\$ (1,772,090)</b>
Outside Agency Temporary Staffing (2)	\$ 1,669,500	\$ 3,826,000	\$ 2,156,500
LACERA Intern Program (3)	\$ -	\$ 72,000	\$ 72,000
Variable Benefits (4)			
Retirement	\$ 9,006,465	\$ 8,744,312	\$ (262,153)
FICA Contribution	\$ 779,718	\$ 760,948	\$ (18,771)
County Subsidy	\$ 2,654,602	\$ 2,492,210	\$ (162,393)
Options Plan	\$ 4,311,976	\$ 4,188,775	\$ (123,201)
Life Insurance	\$ 18,735	\$ 18,369	\$ (367)
Health Insurance Temps	\$ 277,043	\$ 277,043	\$ -
Flexible Benefit Plan	\$ 41,806	\$ 37,419	\$ (4,387)
Thrift Plan/Horizons	\$ 1,508,445	\$ 1,456,663	\$ (51,782)
Savings Plan	\$ 1,131,574	\$ 1,093,054	\$ (38,520)
Pension Savings Plan	\$ 36,850	\$ 36,850	\$ -
Megaflex	\$ 4,707,637	\$ 4,543,926	\$ (163,711)
<b>Total</b>	<b>\$ 24,474,851</b>	<b>\$ 23,649,568</b>	<b>\$ (825,283)</b>
Other Benefits	\$ 2,961,000	\$ 2,961,000	\$ -
OPEB Contribution	\$ 1,234,919	\$ 1,234,919	\$ -
Stipends	\$ 65,000	\$ 65,000	\$ -
Overtime	\$ 801,900	\$ 801,900	\$ -
Bilingual Bonus	\$ 21,600	\$ 21,600	\$ -
Reserves for Remuneration	\$ -	\$ -	\$ -
Sickleave Buyback	\$ 66,500	\$ 66,500	\$ -
Rideshare Allowance	\$ 70,300	\$ 70,300	\$ -
Transportation Allowance (5)	\$ -	\$ 7,200	\$ 7,200
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 79,483,389</b>	<b>\$ 79,121,717</b>	<b>\$ (361,672)</b>

- 1 Reflects a reduction in the use of Permanent Salaries due to salary savings from recruitment delays.
- 2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical to mitigate any interruption of LACERA operations.
- 3 Reflects in an addition for LACERA Interns Program.
- 4 Reflects a reduction in the use of Variable Benefits due to salary savings from vacant positions/recruitment delays.
- 5 Reflects an addition in the use of Transportation Allowance for a Chief Officer.

\*All amounts rounded to the nearest dollar.

**LACERA FY 2020-2021 Mid-Year Administrative Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Mid-Year Amended Budget S&S Grand Total	Change
Auto Expenses	\$ 36,800	\$ 36,800	\$ -
Communications (1)	\$ 710,000	\$ 740,000	\$ 30,000
Transportation and Travel (2)	\$ 784,000	\$ 455,500	\$ (328,500)
Postage	\$ 991,400	\$ 991,400	\$ -
Stationery and Forms	\$ 640,100	\$ 640,100	\$ -
Office Supplies and Equipment (3)	\$ 837,000	\$ 959,000	\$ 122,000
Insurance (4)	\$ 714,900	\$ 748,300	\$ 33,400
Equipment Maintenance	\$ 638,000	\$ 638,000	\$ -
Equipment Rents and Leases	\$ 310,000	\$ 310,000	\$ -
Building Costs (5)	\$ 2,175,000	\$ 3,034,000	\$ 859,000
Parking Fees	\$ 377,000	\$ 377,000	\$ -
Professional and Specialized Services (6)	\$ 2,691,200	\$ 3,872,600	\$ 1,181,400
Bank Services (7)	\$ 204,000	\$ 195,000	\$ (9,000)
Legal Fees and Services	\$ 435,500	\$ 435,500	\$ -
Disability Fees and Services	\$ 2,086,000	\$ 2,086,000	\$ -
Computer Services and Support (8)	\$ 2,908,300	\$ 3,910,100	\$ 1,001,800
Educational Expenses (9)	\$ 1,221,700	\$ 1,137,200	\$ (84,500)
Miscellaneous (10)	\$ 482,100	\$ 602,300	\$ 120,200
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 18,243,000</b>	<b>\$ 21,168,800</b>	<b>\$ 2,925,800</b>

- 1 Reflects an addition in Communications due to Remote Support for communication billing cost (phone and internet lines for all LACERA staff with communication vendors).
- 2 Reflects a reduction in Transportation and Travel due to a reduction in Trustees and staff travel as a result of COVID travel restrictions.
- 3 Increase in Office Supplies and Equipment due to additional fundings required for PPE supplies, HEPA air purifiers due to COVID, and additional purchases of laptops and other accessories to facilitate remote work by employees.
- 4 Reflects an addition in Insurance due to Cyber Liability insurance premium increase.
- 5 Reflects an addition for Building Costs due to rent costs for LACERA, Renovations, additional cleanings and modifications for various divisions due to
- 6 Reflects an addition in Professional and Specialized Services for Audits tasked by the Boards, Public & Media relations, and continued engagement with KH (Gayla) on the 100 Day Report and other projects. In addition, increases funding is needed to secure consultant services to assist with multi-phase approach to migrating critical systems information to a cloud based environment in a logical, safe and secure manner.
- 7 Reflects a reduction for Bank Services for Bank Charges (State Street) since RHC bank services amounts are now charged to RHC.
- 8 Reflects an addition in Computer Services and Support for IT related projects.
- 9 Reflects a reduction in Educational Expenses due to a reduction in Membership and Registration Fees for conferences/trainings as a result of COVID.
- 10 Reflects an addition in the use of Miscellaneous Expense for Recruitment purposes for high level executive searches from recruitment firms, reduction in Food/Beverages & Off-Site Board Expenses, and elimination of ECT Healthy Snacks.

**Summary of LACERA FY 2020-2021 Mid-Year Administrative Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Mid-Year Amended Budget Grand Total	Change
Salaries and Employee Benefits	\$ 79,483,389	\$ 79,121,717	\$ (361,672)
Services and Supplies	\$ 18,243,000	\$ 21,168,800	\$ 2,925,800
	<b>\$ 97,726,389</b>	<b>\$ 100,290,517</b>	<b>\$ 2,564,128</b>

**Summary of LACERA FY 2020-2021 Mid-Year Administrative Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	FY 2020-2021 Approved Budget	Mid-Year Amended Budget Grand Total # of Pos.
Approved	459.0	459.0
Addition/(Deletion)		0.0
<b>Final Budgeted Positions Requested</b>	<b>459.0</b>	<b>459.0</b>

\*All amounts rounded to the nearest dollar.



**Board of Retirement FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 146,000	\$ (61,000)	\$ 85,000	-41.8%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ -	\$ -	\$ -	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses (2)	\$ 68,000	\$ (20,000)	\$ 48,000	-29.4%
Miscellaneous (3)	\$ 70,000	\$ (64,000)	\$ 6,000	-91.4%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 284,000</b>	<b>\$ (145,000)</b>	<b>\$ 139,000</b>	<b>-51.1%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in Trustees travel as a result of COVID travel restrictions.
- 2 Reflects a reduction in Educational Expenses for Memberships and Registration Fees.
- 3 Reflects a reduction in Miscellaneous Expenses for Offsite Board Meeting Expenses and Food/Beverages

**Board of Retirement Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ -	\$ -	\$ -	0.0%
Services and Supplies	\$ 284,000	\$ (145,000)	\$ 139,000	-51.1%
	<b>\$ 284,000</b>	<b>\$ (145,000)</b>	<b>\$ 139,000</b>	<b>-51.1%</b>

\*All amounts rounded to the nearest dollar.

**Board of Investments FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 245,000	\$ (100,000)	\$ 145,000	-40.8%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ -	\$ -	\$ -	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses (2)	\$ 175,000	\$ (55,000)	\$ 120,000	-31.4%
Miscellaneous (3)	\$ 75,000	\$ (69,000)	\$ 6,000	-92.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 495,000</b>	<b>\$ (224,000)</b>	<b>\$ 271,000</b>	<b>-45.3%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in Trustees travel as a result of COVID travel restrictions.
- 2 Reflects a reduction in Educational Expenses for Memberships and Registration Fees.
- 3 Reflects a reduction in Miscellaneous Expenses for Offsite Board Meeting Expenses and Food/Beverages

**Board of Investments Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ -	\$ -	\$ -	0.0%
Services and Supplies	\$ 495,000	\$ (224,000)	\$ 271,000	-45.3%
	<b>\$ 495,000</b>	<b>\$ (224,000)</b>	<b>\$ 271,000</b>	<b>-45.3%</b>

\*All amounts rounded to the nearest dollar.

**Administrative Services FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 2,351,705	\$ (311,495)	\$ 2,040,210	-13.2%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 2,351,705</u>	<u>\$ (311,495)</u>	<u>\$ 2,040,210</u>	<u>-13.2%</u>
Outside Agency Temporary Staffing (2)	\$ 75,700	\$ 229,500	\$ 305,200	303.2%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (3)				
Retirement	\$ 428,954	\$ (10,452)	\$ 418,502	-2.4%
FICA Contribution	\$ 32,087	\$ (1,301)	\$ 30,786	-4.1%
County Subsidy	\$ 46,992	\$ (8,971)	\$ 38,021	-19.1%
Options Plan	\$ 558,279	\$ (27,746)	\$ 530,533	-5.0%
Life Insurance	\$ 1,337	\$ (37)	\$ 1,301	-2.7%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ 24,336	\$ (4,387)	\$ 19,949	-18.0%
Thrift Plan/Horizons	\$ 63,028	\$ (3,589)	\$ 59,440	-5.7%
Savings Plan	\$ 15,793	\$ (974)	\$ 14,819	-6.2%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 60,759	\$ (4,140)	\$ 56,620	-6.8%
Total	<u>\$ 1,231,566</u>	<u>\$ (61,596)</u>	<u>\$ 1,169,970</u>	<u>-5.0%</u>
Other Benefits	\$ 144,716	\$ -	\$ 144,716	0.0%
OPEB Contribution	\$ 60,355	\$ -	\$ 60,355	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 43,700	\$ -	\$ 43,700	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 7,300	\$ -	\$ 7,300	0.0%
Rideshare Allowance	\$ 6,900	\$ -	\$ 6,900	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<u><b>\$ 3,921,942</b></u>	<u><b>\$ (143,591)</b></u>	<u><b>\$ 3,778,350</b></u>	<u><b>-3.7%</b></u>

1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.

2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to Administrative Services' current operation in order to mitigate any delays in projects, document processing for members, etc. during this fiscal year.

3 Reflects a reduction in the use of Variable Benefits for current vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Administrative Services FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ 12,500	\$ -	\$ 12,500	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 8,500	\$ (2,200)	\$ 6,300	-25.9%
Postage	\$ 301,400	\$ -	\$ 301,400	0.0%
Stationery and Forms	\$ 3,500	\$ -	\$ 3,500	0.0%
Office Supplies and Equipment (2)	\$ 301,000	\$ 45,000	\$ 346,000	15.0%
Insurance (3)	\$ 714,900	\$ 33,400	\$ 748,300	4.7%
Equipment Maintenance	\$ 5,800	\$ -	\$ 5,800	0.0%
Equipment Rents and Leases	\$ 310,000	\$ -	\$ 310,000	0.0%
Building Costs (4)	\$ 2,175,000	\$ 859,000	\$ 3,034,000	39.5%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 213,000	\$ -	\$ 213,000	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 6,600	\$ -	\$ 6,600	0.0%
Miscellaneous	\$ 15,000	\$ -	\$ 15,000	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 4,067,200</b>	<b>\$ 935,200</b>	<b>\$ 5,002,400</b>	<b>23.0%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.
- 2 Reflects an addition for Office Supplies and Equipment for PPE supplies and HEPA air purifiers due to COVID.
- 3 Reflects an addition for Insurance due to Cyber Liability insurance premium increase.
- 4 Reflects an addition for Building Costs due to rent costs for LACERA, Renovations, additional cleanings and modifications for various divisions due to COVID.

**Administrative Services Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 3,921,942	\$ (143,591)	\$ 3,778,350	-3.7%
Services and Supplies	\$ 4,067,200	\$ 935,200	\$ 5,002,400	23.0%
	<b>\$ 7,989,142</b>	<b>\$ 791,609</b>	<b>\$ 8,780,750</b>	<b>9.9%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Administrative Services
Approved	36.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>36.0</u>

\*All amounts rounded to the nearest dollar.

**Benefits Division FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary	\$ 5,916,222	\$ -	\$ 5,916,222	0.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 5,916,222</b>	<b>\$ -</b>	<b>\$ 5,916,222</b>	<b>0.0%</b>
Outside Agency Temporary Staffing (1)	\$ -	\$ 47,700	\$ 47,700	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
<b>Variable Benefits</b>				
Retirement	\$ 1,281,527	\$ -	\$ 1,281,527	0.0%
FICA Contribution	\$ 100,736	\$ -	\$ 100,736	0.0%
County Subsidy	\$ 164,040	\$ -	\$ 164,040	0.0%
Options Plan	\$ 1,366,817	\$ -	\$ 1,366,817	0.0%
Life Insurance	\$ 7,043	\$ -	\$ 7,043	0.0%
Health Insurance Temps	\$ 6,059	\$ -	\$ 6,059	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 207,154	\$ -	\$ 207,154	0.0%
Savings Plan	\$ 28,003	\$ -	\$ 28,003	0.0%
Pension Savings Plan	\$ 1,928	\$ -	\$ 1,928	0.0%
Megaflex	\$ 195,720	\$ -	\$ 195,720	0.0%
<b>Total</b>	<b>\$ 3,359,026</b>	<b>\$ -</b>	<b>\$ 3,359,026</b>	<b>0.0%</b>
Other Benefits	\$ 364,063	\$ -	\$ 364,063	0.0%
OPEB Contribution	\$ 151,837	\$ -	\$ 151,837	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 371,600	\$ -	\$ 371,600	0.0%
Bilingual Bonus	\$ 2,400	\$ -	\$ 2,400	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 12,000	\$ -	\$ 12,000	0.0%
Rideshare Allowance	\$ 16,300	\$ -	\$ 16,300	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 10,193,448</b>	<b>\$ 47,700</b>	<b>\$ 10,241,148</b>	<b>0.5%</b>

1 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to Benefits Division's current operation in order to mitigate any delays in projects, claim processing, etc. during this fiscal year.

\*All amounts rounded to the nearest dollar.

**Benefits Division FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 6,000	\$ (1,500)	\$ 4,500	-25.0%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 3,700	\$ -	\$ 3,700	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 40,000	\$ -	\$ 40,000	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 15,700	\$ -	\$ 15,700	0.0%
Miscellaneous	\$ 1,500	\$ -	\$ 1,500	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 66,900</b>	<b>\$ (1,500)</b>	<b>\$ 65,400</b>	<b>-2.2%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Benefits Division Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 10,193,448	\$ 47,700	\$ 10,241,148	0.5%
Services and Supplies	\$ 66,900	\$ (1,500)	\$ 65,400	-2.2%
	<b>\$ 10,260,348</b>	<b>\$ 46,200</b>	<b>\$ 10,306,548</b>	<b>0.5%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Benefits
Approved	71.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>71.0</u>

\*All amounts rounded to the nearest dollar.

**Communications FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 1,264,352	\$ (209,019)	\$ 1,055,333	-16.5%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 1,264,352</u>	<u>\$ (209,019)</u>	<u>\$ 1,055,333</u>	<u>-16.5%</u>
Outside Agency Temporary Staffing (2)	\$ -	\$ 135,700	\$ 135,700	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (3)				
Retirement	\$ 251,282	\$ (33,589)	\$ 217,693	-13.4%
FICA Contribution	\$ 20,855	\$ (3,031)	\$ 17,824	-14.5%
County Subsidy	\$ 104,451	\$ (35,533)	\$ 68,917	-34.0%
Options Plan	\$ 177,356	\$ (23,414)	\$ 153,942	-13.2%
Life Insurance	\$ 284	\$ (19)	\$ 265	-6.7%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 35,247	\$ (8,361)	\$ 26,886	-23.7%
Savings Plan	\$ 16,624	\$ (5,337)	\$ 11,287	-32.1%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 84,549	\$ (22,681)	\$ 61,868	-26.8%
Total	<u>\$ 690,647</u>	<u>\$ (131,964)</u>	<u>\$ 558,683</u>	<u>-19.1%</u>
Other Benefits	\$ 77,804	\$ -	\$ 77,804	0.0%
OPEB Contribution	\$ 32,449	\$ -	\$ 32,449	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 3,300	\$ -	\$ 3,300	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 3,500	\$ -	\$ 3,500	0.0%
Rideshare Allowance	\$ 1,000	\$ -	\$ 1,000	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
S&EB GRAND TOTAL	<u>\$ 2,073,051</u>	<u>\$ (205,283)</u>	<u>\$ 1,867,768</u>	<u>-9.9%</u>

- 1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.
- 2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to Communications' current operation in order to mitigate any delays in projects, communication to staff, members, etc. during this fiscal year.
- 3 Reflects a reduction in the use of Variable Benefits for current vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Communications FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 8,000	\$ (6,000)	\$ 2,000	-75.0%
Postage	\$ 300,000	\$ -	\$ 300,000	0.0%
Stationery and Forms	\$ 636,600	\$ -	\$ 636,600	0.0%
Office Supplies and Equipment	\$ 8,000	\$ -	\$ 8,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 32,000	\$ -	\$ 32,000	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ 16,500	\$ -	\$ 16,500	0.0%
Educational Expenses	\$ 10,400	\$ -	\$ 10,400	0.0%
Miscellaneous	\$ 600	\$ -	\$ 600	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 1,012,100</b>	<b>\$ (6,000)</b>	<b>\$ 1,006,100</b>	<b>-0.6%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Communications Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 2,073,051	\$ (205,283)	\$ 1,867,768	-9.9%
Services and Supplies	\$ 1,012,100	\$ (6,000)	\$ 1,006,100	-0.6%
	<b>\$ 3,085,151</b>	<b>\$ (211,283)</b>	<b>\$ 2,873,868</b>	<b>-6.8%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Communications
Approved	14.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>14.0</u>

\*All amounts rounded to the nearest dollar.



**Disability Litigation FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	%
				Change
Gross Salary	\$ 1,256,001	\$ -	\$ 1,256,001	0.0%
Salary Differential	\$ -	\$ -	-	0.0%
Permanent Salaries	<u>\$ 1,256,001</u>	<u>\$ -</u>	<u>\$ 1,256,001</u>	<u>0.0%</u>
Outside Agency Temporary Staffing	\$ 8,700	\$ -	\$ 8,700	0.0%
LACERA Intern Program	\$ -	\$ -	-	0.0%
Variable Benefits				
Retirement	\$ 256,684	\$ -	\$ 256,684	0.0%
FICA Contribution	\$ 20,738	\$ -	\$ 20,738	0.0%
County Subsidy	\$ 93,319	\$ -	\$ 93,319	0.0%
Options Plan	\$ -	\$ -	-	0.0%
Life Insurance	\$ -	\$ -	-	0.0%
Health Insurance Temps	\$ -	\$ -	-	0.0%
Flexible Benefit Plan	\$ -	\$ -	-	0.0%
Thrift Plan/Horizons	\$ 47,893	\$ -	\$ 47,893	0.0%
Savings Plan	\$ 57,717	\$ -	\$ 57,717	0.0%
Pension Savings Plan	\$ -	\$ -	-	0.0%
Megaflex	\$ 184,401	\$ -	\$ 184,401	0.0%
Total	<u>\$ 660,752</u>	<u>\$ -</u>	<u>\$ 660,752</u>	<u>0.0%</u>
Other Benefits	\$ 77,290	\$ -	\$ 77,290	0.0%
OPEB Contribution	\$ 32,235	\$ -	\$ 32,235	0.0%
Stipends	\$ -	\$ -	-	0.0%
Overtime	\$ -	\$ -	-	0.0%
Bilingual Bonus	\$ -	\$ -	-	0.0%
Reserves for Remuneration	\$ -	\$ -	-	0.0%
Sickleave Buyback	\$ -	\$ -	-	0.0%
Rideshare Allowance	\$ 900	\$ -	\$ 900	0.0%
Transportation Allowance	\$ -	\$ -	-	0.0%
S&EB GRAND TOTAL	<u>\$ 2,035,878</u>	<u>\$ -</u>	<u>\$ 2,035,878</u>	<u>0.0%</u>

\*All amounts rounded to the nearest dollar.

**Disability Litigation FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Auto Expenses	\$ 3,100	\$ -	\$ -	\$ 3,100	0.0%
Communications	\$ -	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 6,000	\$ (1,500)	\$ -	\$ 4,500	-25.0%
Postage	\$ -	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 1,800	\$ -	\$ -	\$ 1,800	0.0%
Insurance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ 10,500	\$ -	\$ -	\$ 10,500	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 22,000	\$ -	\$ -	\$ 22,000	0.0%
Miscellaneous	\$ 700	\$ -	\$ -	\$ 700	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 44,100</b>	<b>\$ (1,500)</b>	<b>\$ -</b>	<b>\$ 42,600</b>	<b>-3.4%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Disability Litigation Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Salaries and Employee Benefits	\$ 2,035,878	\$ -	\$ -	\$ 2,035,878	0.0%
Services and Supplies	\$ 44,100	\$ (1,500)	\$ -	\$ 42,600	-3.4%
	<b>\$ 2,079,978</b>	<b>\$ (1,500)</b>	<b>\$ -</b>	<b>\$ 2,078,478</b>	<b>-0.1%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Disability Litigation
Approved	7.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>7.0</u>

\*All amounts rounded to the nearest dollar.

**Disability Retirement FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 3,832,191	\$ (38,497)	\$ 3,793,694	-1.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 3,832,191</u>	<u>\$ (38,497)</u>	<u>\$ 3,793,694</u>	<u>-1.0%</u>
Outside Agency Temporary Staffing (2)	\$ 28,000	\$ 44,100	\$ 72,100	157.5%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (3)				
Retirement	\$ 826,753	\$ (6,186)	\$ 820,566	-0.7%
FICA Contribution	\$ 58,786	\$ (558)	\$ 58,228	-0.9%
County Subsidy	\$ 311,775	\$ (6,544)	\$ 305,230	-2.1%
Options Plan	\$ 280,922	\$ -	\$ 280,922	0.0%
Life Insurance	\$ 1,643	\$ (9)	\$ 1,634	-0.5%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 111,693	\$ (1,540)	\$ 110,153	-1.4%
Savings Plan	\$ 92,696	\$ (1,540)	\$ 91,156	-1.7%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 466,175	\$ (6,544)	\$ 459,631	-1.4%
Total	<u>\$ 2,150,442</u>	<u>\$ (22,922)</u>	<u>\$ 2,127,520</u>	<u>-1.1%</u>
Other Benefits	\$ 235,819	\$ -	\$ 235,819	0.0%
OPEB Contribution	\$ 98,351	\$ -	\$ 98,351	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 9,500	\$ -	\$ 9,500	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 6,000	\$ -	\$ 6,000	0.0%
Rideshare Allowance	\$ 4,500	\$ -	\$ 4,500	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
S&EB GRAND TOTAL	<u>\$ 6,364,804</u>	<u>\$ (17,319)</u>	<u>\$ 6,347,485</u>	<u>-0.3%</u>

- 1 Reflects a reduction in the use of permanent salaries for current vacant position's salary savings due to recruitment delays.
- 2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to DRS current operation in order to mitigate any delays in projects, cases, etc. during this fiscal year.
- 3 Reflects a reduction in the use of Variable Benefits for current vacant position's VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Disability Retirement FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 8,000	\$ (2,000)	\$ 6,000	-25.0%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 6,000	\$ -	\$ 6,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 225,000	\$ -	\$ 225,000	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ 30,000	\$ -	\$ 30,000	0.0%
Disability Fees and Services	\$ 2,086,000	\$ -	\$ 2,086,000	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 10,300	\$ -	\$ 10,300	0.0%
Miscellaneous	\$ 500	\$ -	\$ 500	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 2,365,800</b>	<b>\$ (2,000)</b>	<b>\$ 2,363,800</b>	<b>-0.1%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Disability Retirement Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 6,364,804	\$ (17,319)	\$ 6,347,485	-0.3%
Services and Supplies	\$ 2,365,800	\$ (2,000)	\$ 2,363,800	-0.1%
	<b>\$ 8,730,604</b>	<b>\$ (19,319)</b>	<b>\$ 8,711,285</b>	<b>-0.2%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Disability Retirement
Approved	41.0
Addition/(Deletion)	
Final Budgeted Positions Requested	41.0

\*All amounts rounded to the nearest dollar.

**Executive Office FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 1,249,330	\$ (44,866)	\$ 1,204,464	-3.6%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 1,249,330</u>	<u>\$ (44,866)</u>	<u>\$ 1,204,464</u>	<u>-3.6%</u>
Outside Agency Temporary Staffing	\$ -	\$ -	\$ -	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (2)				
Retirement	\$ 190,141	\$ (15,575)	\$ 174,566	-8.2%
FICA Contribution	\$ 18,990	\$ (651)	\$ 18,339	-3.4%
County Subsidy	\$ 100,111	\$ (4,487)	\$ 95,625	-4.5%
Options Plan	\$ -	\$ -	\$ -	0.0%
Life Insurance	\$ -	\$ -	\$ -	0.0%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 27,942	\$ (1,795)	\$ 26,147	-6.4%
Savings Plan	\$ 27,182	\$ (1,795)	\$ 25,388	-6.6%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 161,176	\$ (7,627)	\$ 153,548	-4.7%
Total	<u>\$ 525,542</u>	<u>\$ (31,928)</u>	<u>\$ 493,613</u>	<u>-6.1%</u>
Other Benefits	\$ 76,879	\$ -	\$ 76,879	0.0%
OPEB Contribution	\$ 32,063	\$ -	\$ 32,063	0.0%
Stipends	\$ 65,000	\$ -	\$ 65,000	0.0%
Overtime	\$ 25,000	\$ -	\$ 25,000	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 1,000	\$ -	\$ 1,000	0.0%
Rideshare Allowance	\$ 1,400	\$ -	\$ 1,400	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<u><b>\$ 1,976,215</b></u>	<u><b>\$ (76,794)</b></u>	<u><b>\$ 1,899,420</b></u>	<u><b>-3.9%</b></u>

1 Reflects a reduction in the use of Permanent Salaries for current vacant positions.

2 Reflects a reduction in the use of Variable Benefits for current vacant positions.

\*All amounts rounded to the nearest dollar.

**Executive Office FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ 17,800	\$ -	\$ 17,800	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 24,000	\$ (6,000)	\$ 18,000	-25.0%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 4,500	\$ -	\$ 4,500	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services (2)	\$ 120,000	\$ 140,000	\$ 260,000	116.7%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 68,400	\$ -	\$ 68,400	0.0%
Miscellaneous	\$ 60,000	\$ -	\$ 60,000	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 294,700</b>	<b>\$ 134,000</b>	<b>\$ 428,700</b>	<b>45.5%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

2 Reflects an addition for Professional and Specialized Services for Improvement Projects due to continue engagements with KH (Gayla) on the 100 Day Report and other projects. In addition, increase funds for Public & Media Relations.

**Executive Office Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 1,976,215	\$ (76,794)	\$ 1,899,420	-3.9%
Services and Supplies	\$ 294,700	\$ 134,000	\$ 428,700	45.5%
	<b>\$ 2,270,915</b>	<b>\$ 57,206</b>	<b>\$ 2,328,120</b>	<b>2.5%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Executive Office
Approved	8.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>8.0</u>

\*All amounts rounded to the nearest dollar.

**Financial and Accounting Services FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 2,198,662	(\$283,591)	\$ 1,915,071	-12.9%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 2,198,662</b>	<b>\$ (283,591)</b>	<b>\$ 1,915,071</b>	<b>-12.9%</b>
Outside Agency Temporary Staffing (2)	\$ 255,900	\$ 249,500	\$ 505,400	97.5%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
<b>Variable Benefits (3)</b>				
Retirement	\$ 481,608	\$ (15,539)	\$ 466,069	-3.2%
FICA Contribution	\$ 34,471	\$ (2,473)	\$ 31,998	-7.2%
County Subsidy	\$ 37,620	\$ (23,879)	\$ 13,740	-63.5%
Options Plan	\$ 459,764	\$ (64,837)	\$ 394,927	-14.1%
Life Insurance	\$ 2,085	\$ (53)	\$ 2,032	-2.5%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ 17,470	\$ -	\$ 17,470	0.0%
Thrift Plan/Horizons	\$ 86,525	\$ (6,823)	\$ 79,702	-7.9%
Savings Plan	\$ 19,467	\$ -	\$ 19,467	0.0%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 34,725	\$ -	\$ 34,725	0.0%
<b>Total</b>	<b>\$ 1,173,734</b>	<b>\$ (113,604)</b>	<b>\$ 1,060,130</b>	<b>-9.7%</b>
Other Benefits	\$ 135,298	\$ -	\$ 135,298	0.0%
OPEB Contribution	\$ 56,428	\$ -	\$ 56,428	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 68,400	\$ -	\$ 68,400	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 12,000	\$ -	\$ 12,000	0.0%
Rideshare Allowance	\$ 7,500	\$ -	\$ 7,500	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 3,907,922</b>	<b>\$ (147,695)</b>	<b>\$ 3,760,227</b>	<b>-3.8%</b>

1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.

2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to FASD's current operation in order to mitigate any delays in projects, process payments, etc. during this fiscal year.

3 Reflects a reduction in the use of Variable Benefits for vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Financial and Accounting Services FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 18,500	\$ (6,000)	\$ 12,500	-32.4%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 3,500	\$ -	\$ 3,500	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	0.0%
Bank Services (2)	\$ 204,000	\$ (9,000)	\$ 195,000	-4.4%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 28,100	\$ -	\$ 28,100	0.0%
Miscellaneous	\$ 3,000	\$ -	\$ 3,000	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 257,100</b>	<b>\$ (15,000)</b>	<b>\$ 242,100</b>	<b>-5.8%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.
- 2 Reflects a reduction for Bank Services for Bank Charges (State Street) since RHC bank services amounts are now charged to RHC.

**Financial and Accounting Services Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 3,907,922	\$ (147,695)	\$ 3,760,227	-3.8%
Services and Supplies	\$ 257,100	\$ (15,000)	\$ 242,100	-5.8%
	<b>\$ 4,165,022</b>	<b>\$ (162,695)</b>	<b>\$ 4,002,327</b>	<b>-3.9%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Financial & Accounting Svcs.
Approved	30.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>30.0</u>

\*All amounts rounded to the nearest dollar.



**Human Resources FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary	\$ 1,387,072	\$ -	\$ 1,387,072	0.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 1,387,072</b>	<b>\$ -</b>	<b>\$ 1,387,072</b>	<b>0.0%</b>
Outside Agency Temporary Staffing	\$ 47,700	\$ -	\$ 47,700	0.0%
LACERA Intern Program (1)	\$ -	\$ 72,000	\$ 72,000	0.0%
Variable Benefits				
Retirement	\$ 311,196	\$ -	\$ 311,196	0.0%
FICA Contribution	\$ 22,345	\$ -	\$ 22,345	0.0%
County Subsidy	\$ 91,957	\$ -	\$ 91,957	0.0%
Options Plan	\$ -	\$ -	\$ -	0.0%
Life Insurance	\$ 204	\$ -	\$ 204	0.0%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 50,308	\$ -	\$ 50,308	0.0%
Savings Plan	\$ 70,142	\$ -	\$ 70,142	0.0%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 211,582	\$ -	\$ 211,582	0.0%
<b>Total</b>	<b>\$ 757,732</b>	<b>\$ -</b>	<b>\$ 757,732</b>	<b>0.0%</b>
Other Benefits	\$ 85,356	\$ -	\$ 85,356	0.0%
OPEB Contribution	\$ 35,598	\$ -	\$ 35,598	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 1,500	\$ -	\$ 1,500	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ -	\$ -	\$ -	0.0%
Rideshare Allowance	\$ 1,700	\$ -	\$ 1,700	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 2,316,658</b>	<b>\$ 72,000</b>	<b>\$ 2,388,658</b>	<b>3.1%</b>

1 Reflects an addition in the use of LACERA Intern Program.

\*All amounts rounded to the nearest dollar.

**Human Resources FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Auto Expenses	\$ -	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 12,000	\$ (3,000)	\$ 9,000	\$ 9,000	-25.0%
Postage	\$ -	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	0.0%
Insurance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ 377,000	\$ -	\$ 377,000	\$ 377,000	0.0%
Professional and Specialized Services	\$ 383,300	\$ -	\$ 383,300	\$ 383,300	0.0%
Bank Services	\$ -	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ 42,000	\$ -	\$ 42,000	\$ 42,000	0.0%
Educational Expenses	\$ 500,300	\$ -	\$ 500,300	\$ 500,300	0.0%
Miscellaneous (2)	\$ 232,500	\$ 255,000	\$ 487,500	\$ 487,500	109.7%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 1,555,100</b>	<b>\$ 252,000</b>	<b>\$ 1,807,100</b>	<b>\$ 1,807,100</b>	<b>16.2%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.  
2 Reflects an addition in the use of Miscellaneous Expense for Recruitment purposes for high level executive searches from recruitment firms.

**Human Resources Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Salaries and Employee Benefits	\$ 2,316,658	\$ 72,000	\$ 2,388,658	\$ 2,388,658	3.1%
Services and Supplies	\$ 1,555,100	\$ 252,000	\$ 1,807,100	\$ 1,807,100	16.2%
	<b>\$ 3,871,758</b>	<b>\$ 324,000</b>	<b>\$ 4,195,758</b>	<b>\$ 4,195,758</b>	<b>8.4%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Human Resources
Approved	13.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>13.0</u>

\*All amounts rounded to the nearest dollar.

**Internal Audit Services FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary	\$ 1,336,307	\$ -	\$ 1,336,307	0.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 1,336,307</u>	<u>\$ -</u>	<u>\$ 1,336,307</u>	<u>0.0%</u>
Outside Agency Temporary Staffing	\$ -	\$ -	\$ -	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits				
Retirement	\$ 272,877	\$ -	\$ 272,877	0.0%
FICA Contribution	\$ 20,956	\$ -	\$ 20,956	0.0%
County Subsidy	\$ 85,990	\$ -	\$ 85,990	0.0%
Options Plan	\$ -	\$ -	\$ -	0.0%
Life Insurance	\$ -	\$ -	\$ -	0.0%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 48,029	\$ -	\$ 48,029	0.0%
Savings Plan	\$ 50,084	\$ -	\$ 50,084	0.0%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 183,116	\$ -	\$ 183,116	0.0%
Total	<u>\$ 661,052</u>	<u>\$ -</u>	<u>\$ 661,052</u>	<u>0.0%</u>
Other Benefits	\$ 82,232	\$ -	\$ 82,232	0.0%
OPEB Contribution	\$ 34,296	\$ -	\$ 34,296	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 4,800	\$ -	\$ 4,800	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 1,500	\$ -	\$ 1,500	0.0%
Rideshare Allowance	\$ 1,500	\$ -	\$ 1,500	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
S&EB GRAND TOTAL	<u>\$ 2,121,686</u>	<u>\$ -</u>	<u>\$ 2,121,686</u>	<u>0.0%</u>

\*All amounts rounded to the nearest dollar.

**Internal Audit Services FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Auto Expenses	\$ -	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 11,500	\$ (2,900)	\$ 8,600	\$ -	-25.2%
Postage	\$ -	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 1,700	\$ -	\$ 1,700	\$ -	0.0%
Insurance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 421,000	\$ -	\$ 421,000	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 25,800	\$ -	\$ 25,800	\$ -	0.0%
Miscellaneous	\$ 800	\$ -	\$ 800	\$ -	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 460,800</b>	<b>\$ (2,900)</b>	<b>\$ 457,900</b>	<b>\$ -</b>	<b>-0.6%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Internal Audit Services Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021		Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
	Approved Budget				
Salaries and Employee Benefits	\$ 2,121,686	\$ -	\$ 2,121,686	\$ -	0.0%
Services and Supplies	\$ 460,800	\$ (2,900)	\$ 457,900	\$ -	-0.6%
	<b>\$ 2,582,486</b>	<b>\$ (2,900)</b>	<b>\$ 2,579,586</b>	<b>\$ -</b>	<b>-0.1%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Internal Audit
Approved	11.0
Addition/(Deletion)	
<b>Final Budgeted Positions Requested</b>	<b>11.0</b>

\*All amounts rounded to the nearest dollar.

**Investment Office FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary	\$ 9,344,757	\$ -	\$ 9,344,757	0.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 9,344,757</b>	<b>\$ -</b>	<b>\$ 9,344,757</b>	<b>0.0%</b>
Outside Agency Temporary Staffing	\$ -	\$ -	\$ -	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits				
Retirement	\$ 1,309,842	\$ -	\$ 1,309,842	0.0%
FICA Contribution	\$ 158,864	\$ -	\$ 158,864	0.0%
County Subsidy	\$ 561,348	\$ -	\$ 561,348	0.0%
Options Plan	\$ -	\$ -	\$ -	0.0%
Life Insurance	\$ -	\$ -	\$ -	0.0%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 265,009	\$ -	\$ 265,009	0.0%
Savings Plan	\$ 326,323	\$ -	\$ 326,323	0.0%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 1,308,748	\$ -	\$ 1,308,748	0.0%
<b>Total</b>	<b>\$ 3,930,135</b>	<b>\$ -</b>	<b>\$ 3,930,135</b>	<b>0.0%</b>
Other Benefits	\$ 575,043	\$ -	\$ 575,043	0.0%
OPEB Contribution	\$ 239,828	\$ -	\$ 239,828	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 1,000	\$ -	\$ 1,000	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 1,200	\$ -	\$ 1,200	0.0%
Rideshare Allowance	\$ 5,000	\$ -	\$ 5,000	0.0%
Transportation Allowance (1)	\$ -	\$ 7,200	\$ 7,200	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 14,096,963</b>	<b>\$ 7,200</b>	<b>\$ 14,104,163</b>	<b>0.1%</b>

1 Reflects an addition in the use of Transportation Allowance for a Chief Officer.

\*All amounts rounded to the nearest dollar.

**Investment Office FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 220,000	\$ (100,000)	\$ 120,000	-45.5%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 5,000	\$ -	\$ 5,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 104,800	\$ -	\$ 104,800	0.0%
Miscellaneous	\$ 7,500	\$ -	\$ 7,500	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 337,300</b>	<b>\$ (100,000)</b>	<b>\$ 237,300</b>	<b>-29.6%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Investment Office Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 14,096,963	\$ 7,200	\$ 14,104,163	0.1%
Services and Supplies	\$ 337,300	\$ (100,000)	\$ 237,300	-29.6%
	<b>\$ 14,434,263</b>	<b>\$ (92,800)</b>	<b>\$ 14,341,463</b>	<b>-0.6%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Investment Office
Approved	44.0
Addition/(Deletion)	
Final Budgeted Positions Requested	44.0

\*All amounts rounded to the nearest dollar.

**Legal Services FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 3,527,207	\$ (107,442)	\$ 3,419,765	-3.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 3,527,207</u>	<u>\$ (107,442)</u>	<u>\$ 3,419,765</u>	<u>-3.0%</u>
Outside Agency Temporary Staffing	\$ 53,500	\$ -	\$ 53,500	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (2)				
Retirement	\$ 640,786	\$ (21,996)	\$ 618,791	-3.4%
FICA Contribution	\$ 56,338	\$ (1,558)	\$ 54,780	-2.8%
County Subsidy	\$ 390,756	\$ (18,265)	\$ 372,491	-4.7%
Options Plan	\$ -	\$ -	\$ -	0.0%
Life Insurance	\$ 69	\$ (35)	\$ 34	-50.7%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 102,830	\$ (4,298)	\$ 98,532	-4.2%
Savings Plan	\$ 122,639	\$ (4,298)	\$ 118,341	-3.5%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 549,161	\$ (18,265)	\$ 530,896	-3.3%
Total	<u>\$ 1,862,579</u>	<u>\$ (68,714)</u>	<u>\$ 1,793,865</u>	<u>-3.7%</u>
Other Benefits	\$ 217,052	\$ -	\$ 217,052	0.0%
OPEB Contribution	\$ 90,524	\$ -	\$ 90,524	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 12,500	\$ -	\$ 12,500	0.0%
Bilingual Bonus	\$ 2,400	\$ -	\$ 2,400	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ -	\$ -	\$ -	0.0%
Rideshare Allowance	\$ 2,500	\$ -	\$ 2,500	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
S&EB GRAND TOTAL	<u>\$ 5,768,262</u>	<u>\$ (176,156)</u>	<u>\$ 5,592,106</u>	<u>-3.1%</u>

1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.

2 Reflects a reduction in the use of Variable Benefits for current vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Legal Services FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ 3,400	\$ -	\$ 3,400	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 23,000	\$ (13,000)	\$ 10,000	-56.5%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 6,000	\$ -	\$ 6,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services (2)	\$ 252,300	\$ 21,400	\$ 273,700	8.5%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ 395,000	\$ -	\$ 395,000	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses (3)	\$ 99,500	\$ (9,500)	\$ 90,000	-9.5%
Miscellaneous	\$ 2,000	\$ -	\$ 2,000	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 781,200</b>	<b>\$ (1,100)</b>	<b>\$ 780,100</b>	<b>-0.1%</b>

- 1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.
- 2 Reflects an addition for Professional and Specialized Services for Audits due to current Mosaic audits tasked by the Boards.
- 3 Reflects a reduction in Educational Expenses due to a reduction in Registration Fees for conferences/trainings as a result of COVID.

**Legal Services Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 5,768,262	\$ (176,156)	\$ 5,592,106	-3.1%
Services and Supplies	\$ 781,200	\$ (1,100)	\$ 780,100	-0.1%
	<b>\$ 6,549,462</b>	<b>\$ (177,256)</b>	<b>\$ 6,372,206</b>	<b>-2.7%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Legal Services
Approved	26.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>26.0</u>

\*All amounts rounded to the nearest dollar.



**Member Services FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary	\$ 6,006,252	\$ -	\$ 6,006,252	0.0%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 6,006,252</b>	<b>\$ -</b>	<b>\$ 6,006,252</b>	<b>0.0%</b>
Outside Agency Temporary Staffing	\$ -	\$ -	\$ -	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits				
Retirement	\$ 1,028,836	\$ -	\$ 1,028,836	0.0%
FICA Contribution	\$ 91,795	\$ -	\$ 91,795	0.0%
County Subsidy	\$ 111,231	\$ -	\$ 111,231	0.0%
Options Plan	\$ 1,124,907	\$ -	\$ 1,124,907	0.0%
Life Insurance	\$ 4,760	\$ -	\$ 4,760	0.0%
Health Insurance Temps	\$ 270,984	\$ -	\$ 270,984	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 173,067	\$ -	\$ 173,067	0.0%
Savings Plan	\$ 29,491	\$ -	\$ 29,491	0.0%
Pension Savings Plan	\$ 34,922	\$ -	\$ 34,922	0.0%
Megaflex	\$ 124,111	\$ -	\$ 124,111	0.0%
<b>Total</b>	<b>\$ 2,994,104</b>	<b>\$ -</b>	<b>\$ 2,994,104</b>	<b>0.0%</b>
Other Benefits	\$ 369,603	\$ -	\$ 369,603	0.0%
OPEB Contribution	\$ 154,147	\$ -	\$ 154,147	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 130,500	\$ -	\$ 130,500	0.0%
Bilingual Bonus	\$ 16,800	\$ -	\$ 16,800	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 10,000	\$ -	\$ 10,000	0.0%
Rideshare Allowance	\$ 10,000	\$ -	\$ 10,000	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 9,691,407</b>	<b>\$ -</b>	<b>\$ 9,691,407</b>	<b>0.0%</b>

\*All amounts rounded to the nearest dollar.

**Member Services FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 22,000	\$ (17,000)	\$ 5,000	-77.3%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 15,000	\$ -	\$ 15,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ -	\$ -	\$ -	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 21,500	\$ -	\$ 21,500	0.0%
Miscellaneous (2)	\$ 11,300	\$ (1,800)	\$ 9,500	-15.9%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 69,800</b>	<b>\$ (18,800)</b>	<b>\$ 51,000</b>	<b>-26.9%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

2 Reflects a reduction in Miscellaneous Expenses due to elimination of ECT Healthy Snacks budget.

**Member Services Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 9,691,407	\$ -	\$ 9,691,407	0.0%
Services and Supplies	\$ 69,800	\$ (18,800)	\$ 51,000	-26.9%
	<b>\$ 9,761,207</b>	<b>\$ (18,800)</b>	<b>\$ 9,742,407</b>	<b>-0.2%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Member Services
Approved	79.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>79.0</u>

\*All amounts rounded to the nearest dollar.

**Quality Assurance FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 1,993,537	\$ (63,442)	\$ 1,930,095	-3.2%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 1,993,537</b>	<b>\$ (63,442)</b>	<b>\$ 1,930,095</b>	<b>-3.2%</b>
Outside Agency Temporary Staffing	\$ -	\$ -	\$ -	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (2)				
Retirement	\$ 446,214	\$ (16,011)	\$ 430,202	-3.6%
FICA Contribution	\$ 32,705	\$ (920)	\$ 31,785	-2.8%
County Subsidy	\$ 146,727	\$ (7,613)	\$ 139,114	-5.2%
Options Plan	\$ 21,991	\$ (7,204)	\$ 14,787	-32.8%
Life Insurance	\$ 36	\$ (13)	\$ 22	-37.3%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 61,033	\$ (2,538)	\$ 58,495	-4.2%
Savings Plan	\$ 68,974	\$ (1,737)	\$ 67,236	-2.5%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 343,202	\$ (7,384)	\$ 335,818	-2.2%
<b>Total</b>	<b>\$ 1,120,880</b>	<b>\$ (43,421)</b>	<b>\$ 1,077,459</b>	<b>-3.9%</b>
Other Benefits	\$ 122,675	\$ -	\$ 122,675	0.0%
OPEB Contribution	\$ 51,163	\$ -	\$ 51,163	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ -	\$ -	\$ -	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ -	\$ -	\$ -	0.0%
Rideshare Allowance	\$ 2,200	\$ -	\$ 2,200	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 3,290,455</b>	<b>\$ (106,863)</b>	<b>\$ 3,183,593</b>	<b>-3.2%</b>

1 Reflects a reduction in the use of Permanent Salaries for current vacant positions.

2 Reflects a reduction in the use of Variable Benefits for current vacant positions.

\*All amounts rounded to the nearest dollar.

**Quality Assurance FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications	\$ -	\$ -	\$ -	0.0%
Transportation and Travel (1)	\$ 12,000	\$ (3,000)	\$ 9,000	-25.0%
Postage	\$ -	\$ -	\$ -	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment	\$ 3,000	\$ -	\$ 3,000	0.0%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ -	\$ -	\$ -	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services	\$ 50,000	\$ -	\$ 50,000	0.0%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support	\$ -	\$ -	\$ -	0.0%
Educational Expenses	\$ 28,800	\$ -	\$ 28,800	0.0%
Miscellaneous	\$ 700	\$ -	\$ 700	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 94,500</b>	<b>\$ (3,000)</b>	<b>\$ 91,500</b>	<b>-3.2%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Quality Assurance Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 3,290,455	\$ (106,863)	\$ 3,183,593	-3.2%
Services and Supplies	\$ 94,500	\$ (3,000)	\$ 91,500	-3.2%
	<b>\$ 3,384,955</b>	<b>\$ (109,863)</b>	<b>\$ 3,275,093</b>	<b>-3.2%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Quality Assurance
Approved	19.0
Addition/(Deletion)	
<b>Final Budgeted Positions Requested</b>	<b>19.0</b>

\*All amounts rounded to the nearest dollar.

**Systems Division FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 6,454,226	\$ (713,738)	\$ 5,740,488	-11.1%
Salary Differential	\$ -	\$ -	\$ -	0.0%
<b>Permanent Salaries</b>	<b>\$ 6,454,226</b>	<b>\$ (713,738)</b>	<b>\$ 5,740,488</b>	<b>-11.1%</b>
Outside Agency Temporary Staffing (2)	\$ 1,200,000	\$ 1,450,000	\$ 2,650,000	120.8%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (3)				
Retirement	\$ 1,279,765	\$ (142,804)	\$ 1,136,961	-11.2%
FICA Contribution	\$ 110,053	\$ (8,279)	\$ 101,774	-7.5%
County Subsidy	\$ 408,285	\$ (57,100)	\$ 351,186	-14.0%
Options Plan	\$ 321,941	\$ -	\$ 321,941	0.0%
Life Insurance	\$ 1,274	\$ (201)	\$ 1,073	-15.8%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 228,686	\$ (22,840)	\$ 205,847	-10.0%
Savings Plan	\$ 206,441	\$ (22,840)	\$ 183,602	-11.1%
Pension Savings Plan	\$ -	\$ -	\$ -	0.0%
Megaflex	\$ 800,212	\$ (97,069)	\$ 703,143	-12.1%
<b>Total</b>	<b>\$ 3,356,659</b>	<b>\$ (351,133)</b>	<b>\$ 3,005,525</b>	<b>-10.5%</b>
Other Benefits	\$ 397,170	\$ -	\$ 397,170	0.0%
OPEB Contribution	\$ 165,644	\$ -	\$ 165,644	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 130,100	\$ -	\$ 130,100	0.0%
Bilingual Bonus	\$ -	\$ -	\$ -	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 12,000	\$ -	\$ 12,000	0.0%
Rideshare Allowance	\$ 8,900	\$ -	\$ 8,900	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
<b>S&amp;EB GRAND TOTAL</b>	<b>\$ 11,724,699</b>	<b>\$ 385,129</b>	<b>\$ 12,109,828</b>	<b>3.3%</b>

- 1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.
- 2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to Systems' current operation in order to mitigate any delays in projects, remote work access for LACERA staff, etc. during this fiscal year.
- 3 Reflects a reduction in the use of Variable Benefits for current vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Systems Division FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Auto Expenses	\$ -	\$ -	\$ -	0.0%
Communications (1)	\$ 710,000	\$ 30,000	\$ 740,000	4.2%
Transportation and Travel (2)	\$ 13,500	\$ (3,400)	\$ 10,100	-25.2%
Postage	\$ 390,000	\$ -	\$ 390,000	0.0%
Stationery and Forms	\$ -	\$ -	\$ -	0.0%
Office Supplies and Equipment (3)	\$ 469,800	\$ 77,000	\$ 546,800	16.4%
Insurance	\$ -	\$ -	\$ -	0.0%
Equipment Maintenance	\$ 632,200	\$ -	\$ 632,200	0.0%
Equipment Rents and Leases	\$ -	\$ -	\$ -	0.0%
Building Costs	\$ -	\$ -	\$ -	0.0%
Parking Fees	\$ -	\$ -	\$ -	0.0%
Professional and Specialized Services (4)	\$ 954,600	\$ 1,020,000	\$ 1,974,600	106.9%
Bank Services	\$ -	\$ -	\$ -	0.0%
Legal Fees and Services	\$ -	\$ -	\$ -	0.0%
Disability Fees and Services	\$ -	\$ -	\$ -	0.0%
Computer Services and Support (5)	\$ 2,849,800	\$ 1,001,800	\$ 3,851,600	35.2%
Educational Expenses	\$ 36,500	\$ -	\$ 36,500	0.0%
Miscellaneous	\$ 1,000	\$ -	\$ 1,000	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 6,057,400</b>	<b>\$ 2,125,400</b>	<b>\$ 8,182,800</b>	<b>35.1%</b>

- 1 Reflects an addition in Communications due to Remote Support for communication billing costs.
- 2 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.
- 3 Reflects an addition in Office Supplies and Equipment due to Remote Workforce Equipment for additional laptops, monitors, and webcams.
- 4 Reflects an addition in Professional & Specialized Services for Centera Replacement (LACERA Write Once Read Many storage replacement), Cloud Access Security Broker Software, Cloud Migration Consulting Services & Software for DR Plans, GP), IBM mainframe, & web content management and web site hosting.
- 5 Reflects an addition in Computer Services and Support for IT related projects.

**Systems Division Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 11,724,699	\$ 385,129	\$ 12,109,828	3.3%
Services and Supplies	\$ 6,057,400	\$ 2,125,400	\$ 8,182,800	35.1%
	<b>\$ 17,782,099</b>	<b>\$ 2,510,529</b>	<b>\$ 20,292,628</b>	<b>14.1%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Systems Division
Approved	60.0
Addition/(Deletion)	
Final Budgeted Positions Requested	<u>60.0</u>

\*All amounts rounded to the nearest dollar.

**Retiree Healthcare Benefits Program FY 2020-2021 Mid-Year Budget Adjustment  
Salaries and Employee Benefits Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Gross Salary (1)	\$ 2,574,811	\$ (337,071)	\$ 2,237,740	-13.1%
Salary Differential	\$ -	\$ -	\$ -	0.0%
Permanent Salaries	<u>\$ 2,574,811</u>	<u>\$ (337,071)</u>	<u>\$ 2,237,740</u>	<u>-13.1%</u>
Outside Agency Temporary Staffing (2)	\$ -	\$ 308,000	\$ 308,000	0.0%
LACERA Intern Program	\$ -	\$ -	\$ -	0.0%
Variable Benefits (3)				
Retirement	\$ 497,545	\$ (54,167)	\$ 443,378	-10.9%
FICA Contribution	\$ 35,949	\$ (4,888)	\$ 31,061	-13.6%
County Subsidy	\$ 70,149	\$ (33,707)	\$ 36,442	-48.1%
Options Plan	\$ 472,811	\$ (118,869)	\$ 353,942	-25.1%
Life Insurance	\$ 1,189	\$ (123)	\$ 1,066	-10.3%
Health Insurance Temps	\$ -	\$ -	\$ -	0.0%
Flexible Benefit Plan	\$ -	\$ -	\$ -	0.0%
Thrift Plan/Horizons	\$ 86,503	\$ (13,483)	\$ 73,020	-15.6%
Savings Plan	\$ 35,088	\$ -	\$ 35,088	0.0%
Pension Savings Plan	\$ 203	\$ -	\$ 203	0.0%
Megaflex	\$ 119,218	\$ -	\$ 119,218	0.0%
Total	<u>\$ 1,318,654</u>	<u>\$ (225,236)</u>	<u>\$ 1,093,418</u>	<u>-17.1%</u>
Other Benefits	\$ -	\$ -	\$ -	0.0%
OPEB Contribution	\$ 66,081	\$ -	\$ 66,081	0.0%
Stipends	\$ -	\$ -	\$ -	0.0%
Overtime	\$ 115,600	\$ -	\$ 115,600	0.0%
Bilingual Bonus	\$ 3,600	\$ -	\$ 3,600	0.0%
Reserves for Remuneration	\$ -	\$ -	\$ -	0.0%
Sickleave Buyback	\$ 10,000	\$ -	\$ 10,000	0.0%
Rideshare Allowance	\$ 3,600	\$ -	\$ 3,600	0.0%
Transportation Allowance	\$ -	\$ -	\$ -	0.0%
S&EB GRAND TOTAL	<u>\$ 4,092,346</u>	<u>\$ (254,307)</u>	<u>\$ 3,838,039</u>	<u>-6.2%</u>

- 1 Reflects a reduction in the use of permanent salaries for current vacant positions' salary savings due to recruitment delays.
- 2 Reflects an addition in the use of temporary staff due to recruitment delays. The reliance of temporary staff is critical and essential to RHC's current operation in order to mitigate any delays in processing RHCBP applications, changes in healthcare programs, and address members' health care benefits concerns during this fiscal year.
- 3 Reflects a reduction in the use of Variable Benefits for current vacant positions' VB savings due to recruitment delays.

\*All amounts rounded to the nearest dollar.

**Retiree Healthcare Benefits Program FY 2020-2021 Mid-Year Budget Adjustment  
Services and Supplies Walkthrough**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Transportation and Travel (1)	\$ 50,000	\$ (25,000)	\$ 25,000	-50.0%
Postage	\$ 400,000	\$ -	\$ 400,000	0.0%
Office Supplies and Equipment	\$ 4,000	\$ -	\$ 4,000	0.0%
Operational Costs	\$ 3,269,328	\$ -	\$ 3,269,328	0.0%
Professional and Specialized Services	\$ 1,561,500	\$ -	\$ 1,561,500	0.0%
Bank Services	\$ 21,000	\$ -	\$ 21,000	0.0%
Educational Expenses	\$ 34,500	\$ -	\$ 34,500	0.0%
Miscellaneous	\$ 300	\$ -	\$ 300	0.0%
<b>S&amp;S GRAND TOTAL</b>	<b>\$ 5,340,628</b>	<b>\$ (25,000)</b>	<b>\$ 5,315,628</b>	<b>-0.5%</b>

1 Reflects a reduction in Transportation and Travel due to a reduction in staff travel as a result of COVID travel restrictions.

**Retiree Healthcare Benefits Program Summary of FY 2020-2021 Mid-Year Budget Adjustment**

Description	FY 2020-2021 Approved Budget	Proposed Mid-Year Adjustment	Proposed Amended Budget Amount	% Change
Salaries and Employee Benefits	\$ 4,092,346	\$ (254,307)	\$ 3,838,039	-6.2%
Services and Supplies	\$ 5,340,628	\$ (25,000)	\$ 5,315,628	-0.5%
	<b>\$ 9,432,974</b>	<b>\$ (279,307)</b>	<b>\$ 9,153,667</b>	<b>-3.0%</b>

**Summary of FY 2020-2021 Mid-Year Budget Adjustment  
Budgeted Positions Walkthrough**

Budgeted Positions	Retiree Healthcare
Approved	31.0
Addition/(Deletion)	
Final Budgeted Positions Requested	31.0

\*All amounts rounded to the nearest dollar.





Administrative,  
Retiree Healthcare Benefits, and  
OPEB Trust Budgets

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## MISSION STATEMENT

# We Produce, Protect, and Provide the Promised Benefits



### LACERA exists to:

- **Produce** the highest quality of service for our members and sponsors;
- **Protect** the promised benefits through prudent investment and conservation of plan assets;
- **Provide** the promised benefits.

#### **What is the purpose of a corporate Mission Statement?**

It explains why we are in business; it's the corporate mandate - in as few words as possible. The Mission Statement should be brief so every employee can remember it. New LACERA employees will receive the Mission Statement and immediately understand why we exist.

#### **How does the Mission Statement differ from our corporate objectives?**

Our objectives state how we will achieve our Mission. Our Objectives list our priorities - some are long-term and some short-term. Each Objective is well defined and includes the steps (goals) we must take to accomplish it. Our Objectives define how we conduct our business.

#### **Our Vision and Values Statements Are Our Guiding Principles.**

Our Vision is our pledge to be the premier retirement association through Excellence in retirement law; Commitment to teamwork; Trust to safeguard assets; and Service to members that is courteous, professional, and 100 percent accurate.

Our Values guide our personal behaviors - Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork. We will reach our Vision through our shared Values.





# LACERA VISION

## *Excellence*—Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law, pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

## *Commitment*—we are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

## *Trust*—Our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

## *Service*—Our members deserve the best.

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us reaches deep into our strengths and lends a hand. Our strengths are individual; collectively they are unstoppable.



Because members deserve the best,  
LACERA will be the best.



# LACERA VALUES

## *Professionalism*

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

## *Respect*

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

## *Open Communications*

Our frank and straightforward expression of ideas fosters a common understanding of purpose — quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

## *Fairness*

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

## *Integrity*

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

## *Teamwork*

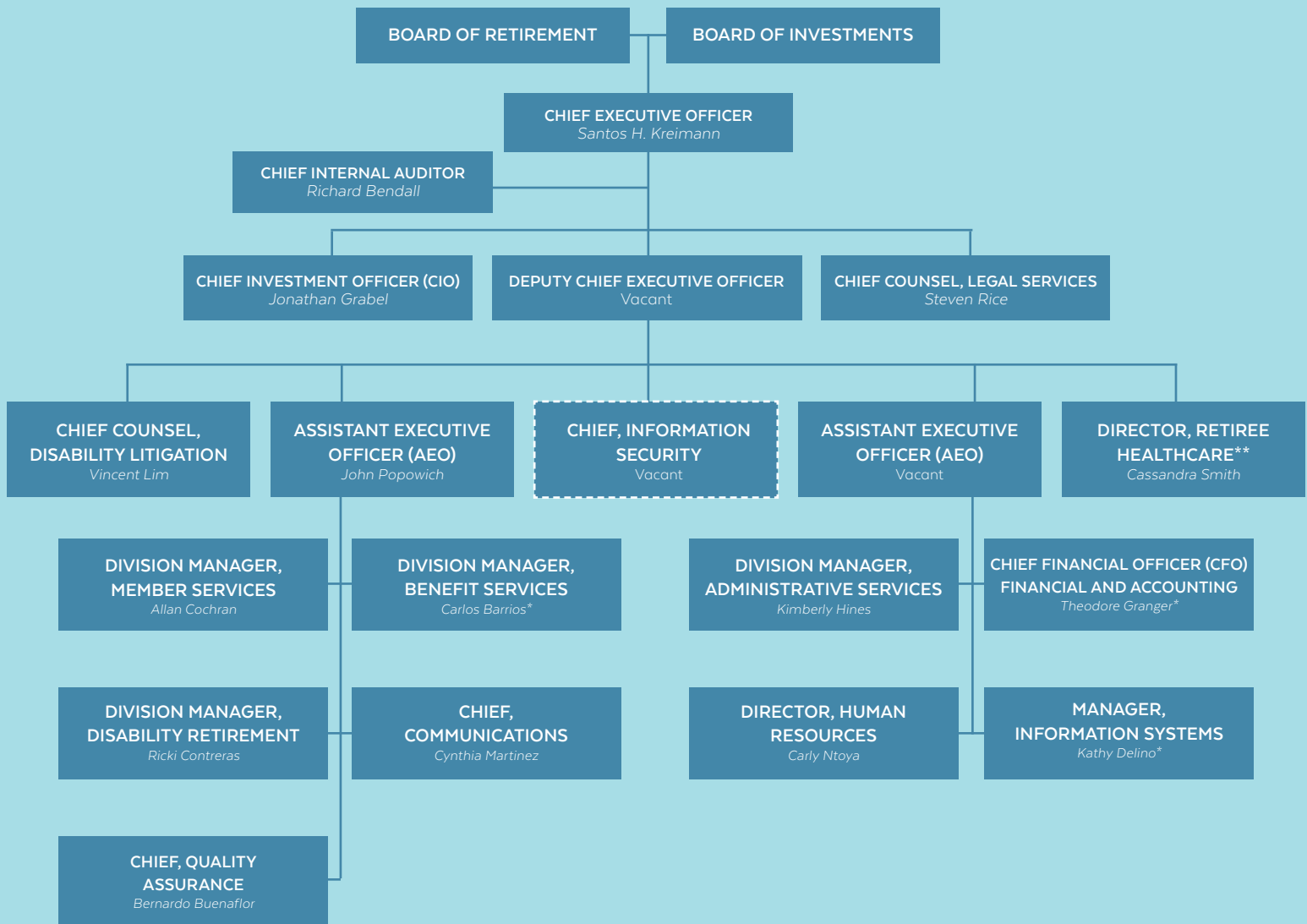
We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.



Achieving our MISSION through  
shared VALUES and a collective VISION.

# Org Chart

LACERA Fiscal Year 2021-2022



\* Interim Assignment

\*\* For details, see Retiree Healthcare Benefits Program Budget



# BUDGET

Board of Retirement

## Mission Statement

We produce, protect, and provide the promised benefits.

## The Board

Composed of twelve trustees:

- Two trustees elected by active general members
- One regular and one alternate trustee elected by retired members
- One regular and one alternate trustee elected by safety members
- Four trustees appointed by the Los Angeles County Board of Supervisors
- One ex-officio trustee (the County Treasurer and Tax Collector)
- One alternate ex-officio trustee (the Chief Deputy County Treasurer and Tax Collector)

## Responsibilities

Overall management of LACERA is vested in the Board of Retirement. The Board is responsible for the administration of the retirement system and the Retiree Healthcare Benefits Program (OPEB Program). Its duties also include the review and processing of disability retirement applications.



**ALAN J. BERNSTEIN**

Chair  
Appointed by Board of Supervisors



**VIVIAN H. GRAY**

Vice Chair  
Elected by General Members



**GINA ZAPANTA**

Secretary  
Appointed by Board of Supervisors



**ELIZABETH B. GINSBERG**

Chief Deputy Treasurer and Tax Collector  
Alternate Ex-Officio Member



**JP HARRIS**

Alternate Member  
Elected by Retired Members



**SHAWN R. KEHOE**

Elected by Safety Members



**KEITH KNOX**

County Treasurer and Tax Collector  
Ex-Officio Member



**WAYNE MOORE**

Appointed by Board of Supervisors



**RONALD A. OKUM**

Appointed by Board of Supervisors



**WILLIAM PRYOR**

Alternate Member  
Elected by Safety Members



**LES ROBBINS**

Elected by Retired Members



**HERMAN B. SANTOS**

Elected by General Members



# BUDGET

Board of Investments

## Mission Statement

We produce, protect, and provide the promised benefits.

## The Board

Composed of ten trustees:

- Four trustees appointed by the Los Angeles County Board of Supervisors
- Four elected trustees
  - Two elected by active general members
  - One elected by retired members
  - One elected by safety members
- One ex-officio trustee (the County Treasurer and Tax Collector)
- One alternate ex-officio trustee (the Chief Deputy County Treasurer and Tax Collector)

## Responsibilities

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment of the retirement fund.



**KEITH KNOX**

Chair  
County Treasurer and Tax Collector  
Ex-Officio Member



**JOSEPH KELLY**

Vice Chair  
Elected by Retired Members



**ALAN J. BERNSTEIN**

Secretary  
Appointed by Board of Supervisors



**ELIZABETH B. GINSBERG**

Chief Deputy Treasurer and Tax Collector  
Alternate Ex-Officio Member



**DAVID GREEN**

Elected by General Members



**ELIZABETH GREENWOOD**

Appointed by Board of Supervisors



**PATRICK L. JONES**

Appointed by Board of Supervisors



**SHAWN R. KEHOE**

Elected by Safety Members



**GINA V. SANCHEZ**

Appointed by Board of Supervisors



**HERMAN B. SANTOS**

Elected by General Members

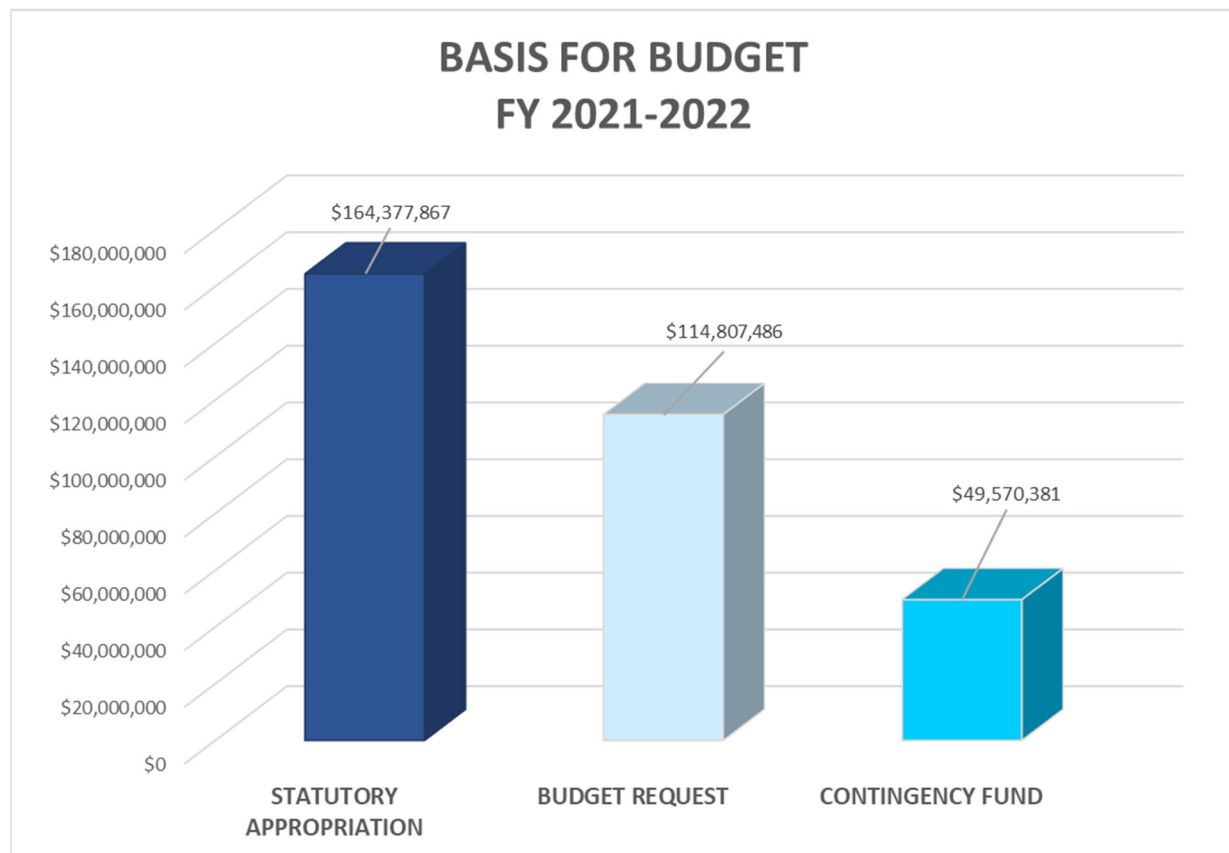
## BUDGET POLICIES

LACERA's budgeting policies are based on legal statutes required under the 1937 Act, as well as policies set by LACERA's Board of Retirement and Board of Investments (the Boards).

### Legal Requirement

Government Code 31580.2 requires the annual adoption of a budget covering the entire expense of administration of the retirement system. The code requires that the expenses be charged against the earnings of the retirement fund and that the expenses may not exceed twenty-one basis points (0.21%) of the accrued actuarial liability of the retirement system. Although expenses for computer software, hardware and computer technology consulting services are included in the Administrative Budget, such costs are not subject to the budget limit.

Per the 1937 Act, LACERA's Statutory Appropriation for FY 2021-2022 is \$164,377,867.



## **JOGC Oversight**

In addition to the State Code, the budget is also guided by LACERA's Joint Organization Governance Committee (JOGC), which provides oversight during the annual budget development cycle. The process consists of staff developing a preliminary budget plan that consider and support the approved strategic plans and general operating needs. The preliminary budget is presented to the JOGC for review. Recommendations by the JOGC are presented to the Boards during the budget hearings. Both Boards will then independently take action on the JOGC's recommended proposed budget.

## **Contingency Funds**

Contingency funds are available for unanticipated expenditures that may occur during the year. Use of Contingency funds must be approved by both Boards. The estimated contingency funds available is \$49,570,381.

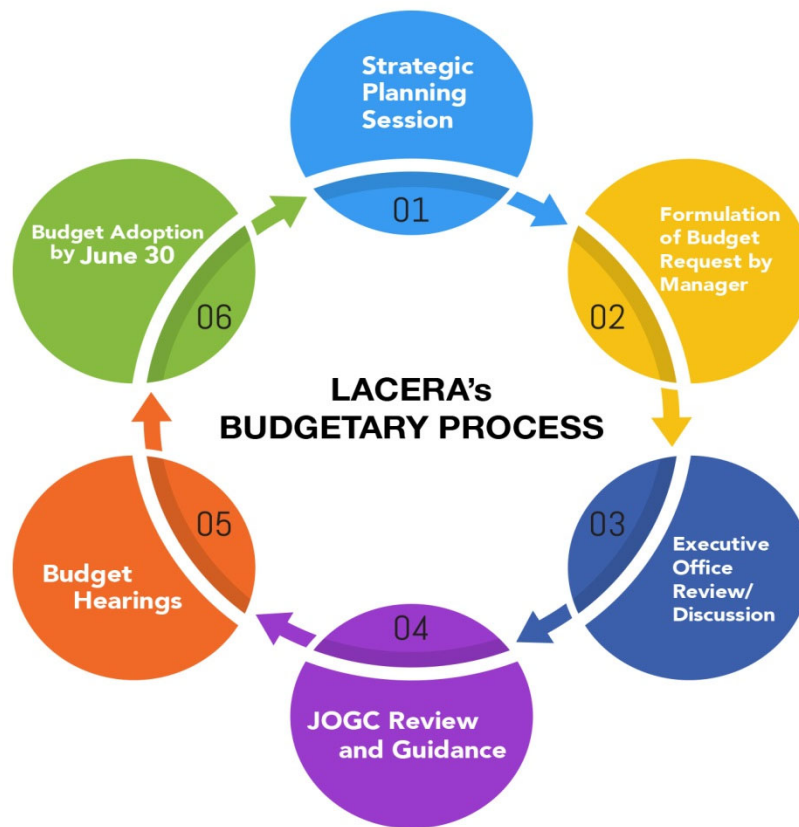
## **Retiree Health Care Benefits Program**

Our Retiree Health Care Benefits Program provides health care benefits to our membership on behalf of our plan sponsor, the County of Los Angeles. The insurance premiums are born solely by the participants of the plan and Los Angeles County. LACERA trust funds are not used for premium payments. The direct costs and variable overhead costs associated with the administration of the Retiree Health Care Benefits Program are charged against the premium payments and, as such, are not included in the Administrative Budget.

## **Non-Administrative Expenses**

As provided in Government Code Section 31596.1 the expenses of investing its moneys, securing custodial bank services, actuarial services and attorney services shall not be considered a cost of administering the system.

## BUDGET PROCESS



LACERA's budget process includes 6 major stages as depicted in the diagram above. The budget process typically begins in October of each year and coincides with strategic planning discussions. In October, the management team generally holds an offsite meeting to engage in team building exercises and begin discussion about organizational priorities and strategic direction.

Between October and November, the management team begins to formulate their budget requests. Throughout the month of December, the Budget Team meets with the managers to gather information about what they will be requesting. This discussion helps the Budget Team, and their partners begin to prepare costs and determine what will be needed to support the divisional and management requests.

Normally, the budget process parallels the Strategic Plan process. Ideally, the Strategic Plan process is also linked to the budget process to ensure the organization allocates the proper resources to see the plan through to fruition. With LACERA's new executive leadership, we are in the process of developing a new strategic plan. Because of the COVID-19 Pandemic we were not able to make the

progress we had hoped to make. As a result, we are using LACERA's Legacy Strategic Plan (FY 2018-2020) and the Chief Executive Officer's 100 Day Report as our guide to allocate resources to achieve organizational objectives.

During the month of January, the management team meets with the Executive Office to present their proposed budgets. During this process, the Executive Office weighs the requests against the organizational goals and the Strategic Plan. These discussions help refine the requests and balance competing needs throughout the organization.

Also, during this stage the Executive Office meets with the Systems Division to review the various requests from the divisions and what those requests will need from a Systems aspect to support the requests. This too is a very labor-intensive process that requires the Systems Division to cost out specific support needs that are changing daily as the requests are refined. At the end of this process, the Executive Office and the management team agree upon their divisional requests and the Budget Unit begins to assemble the budget.

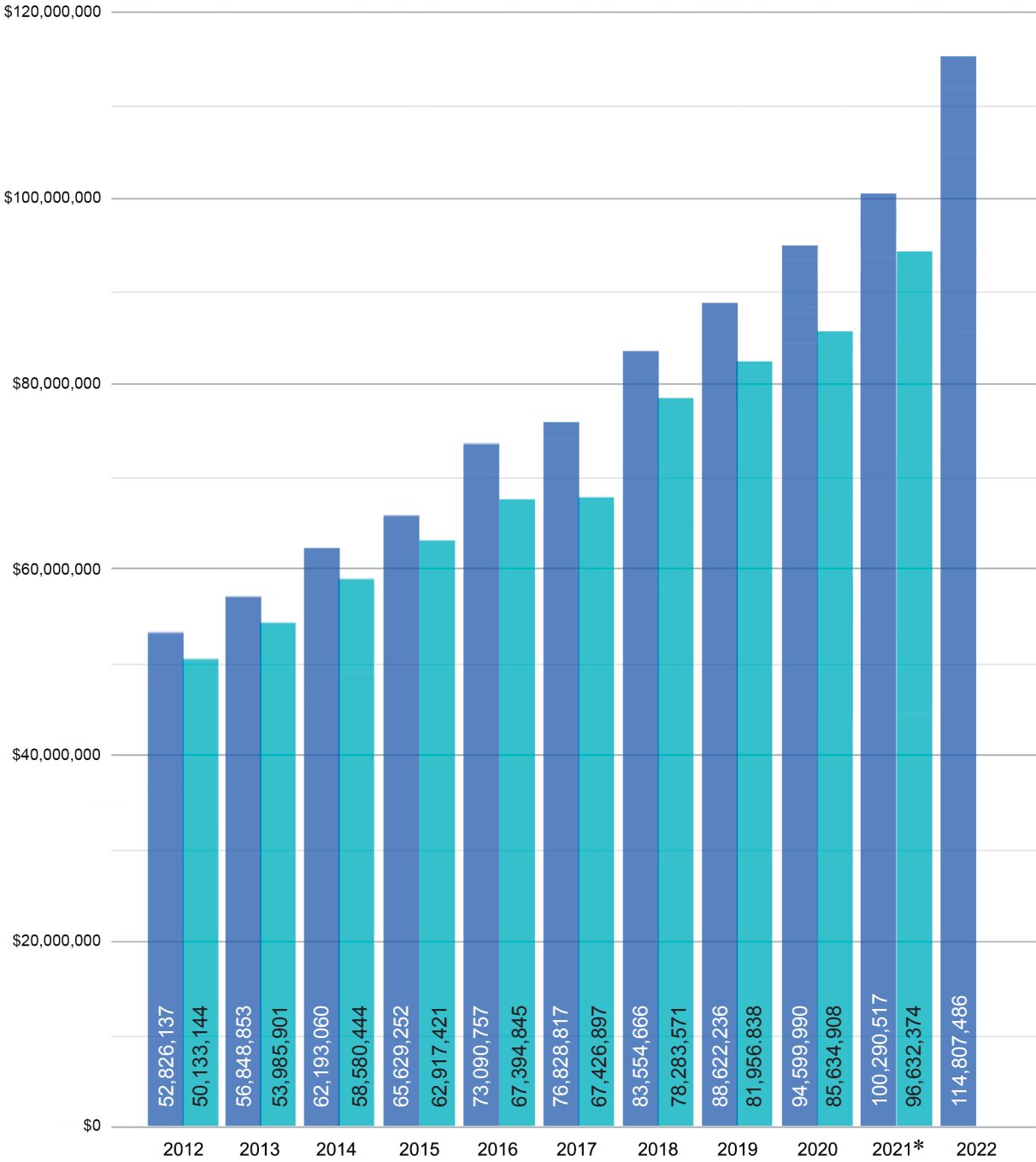
The fourth and fifth stages include presenting the Preliminary Budget to the JOGC for review and guidance and presenting the Proposed Budget at the Budget Hearing for the review and discussion with the Boards and the public.

Lastly, the Proposed Budget is submitted for approval at the meetings of each Board.

# HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

2012-2022



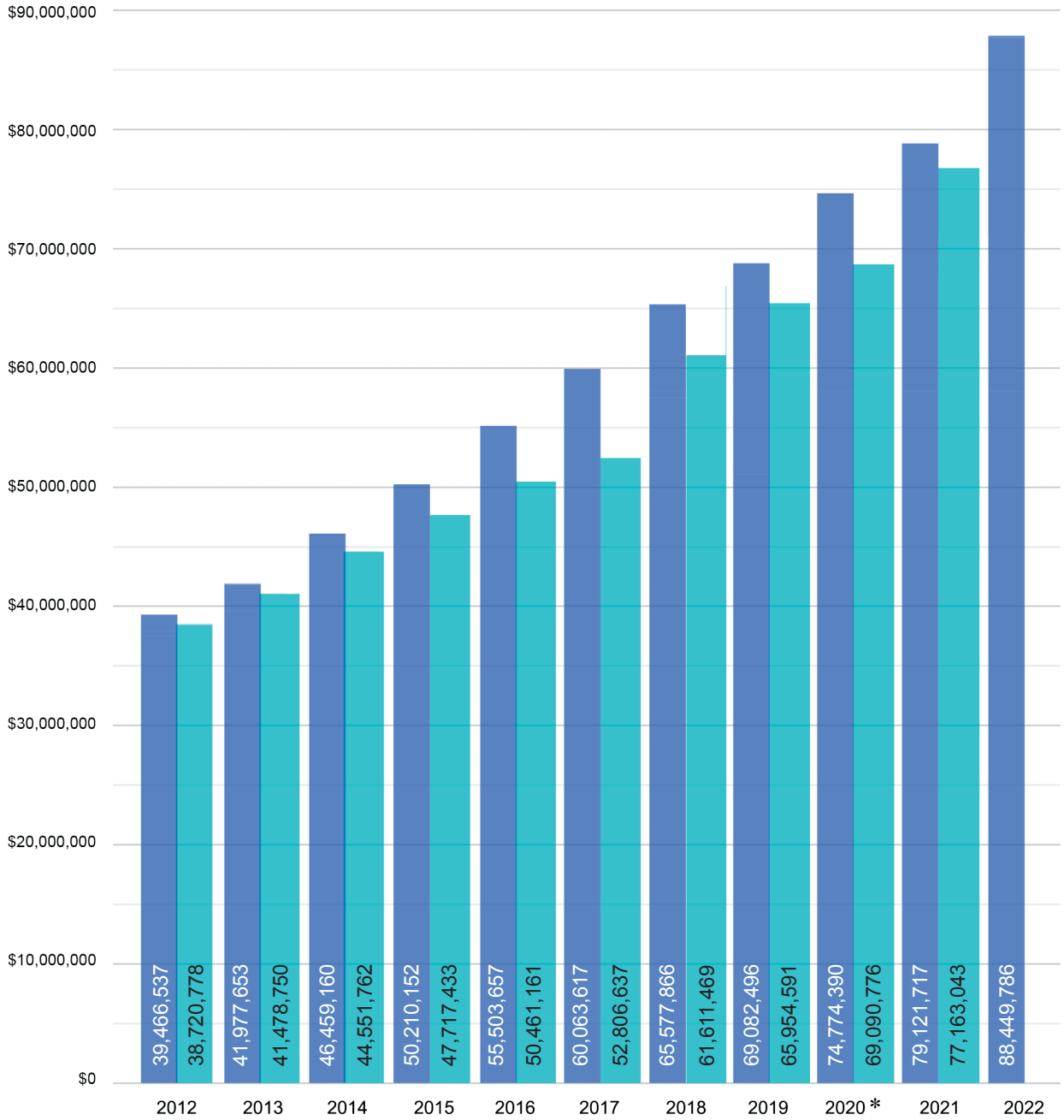
\* The totals for the budget year ending 2021 are projected expenditures based on YTD figures through 03-31-21.

■ Approved Budget  
■ Actual Expenditures

# HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

2012-2022



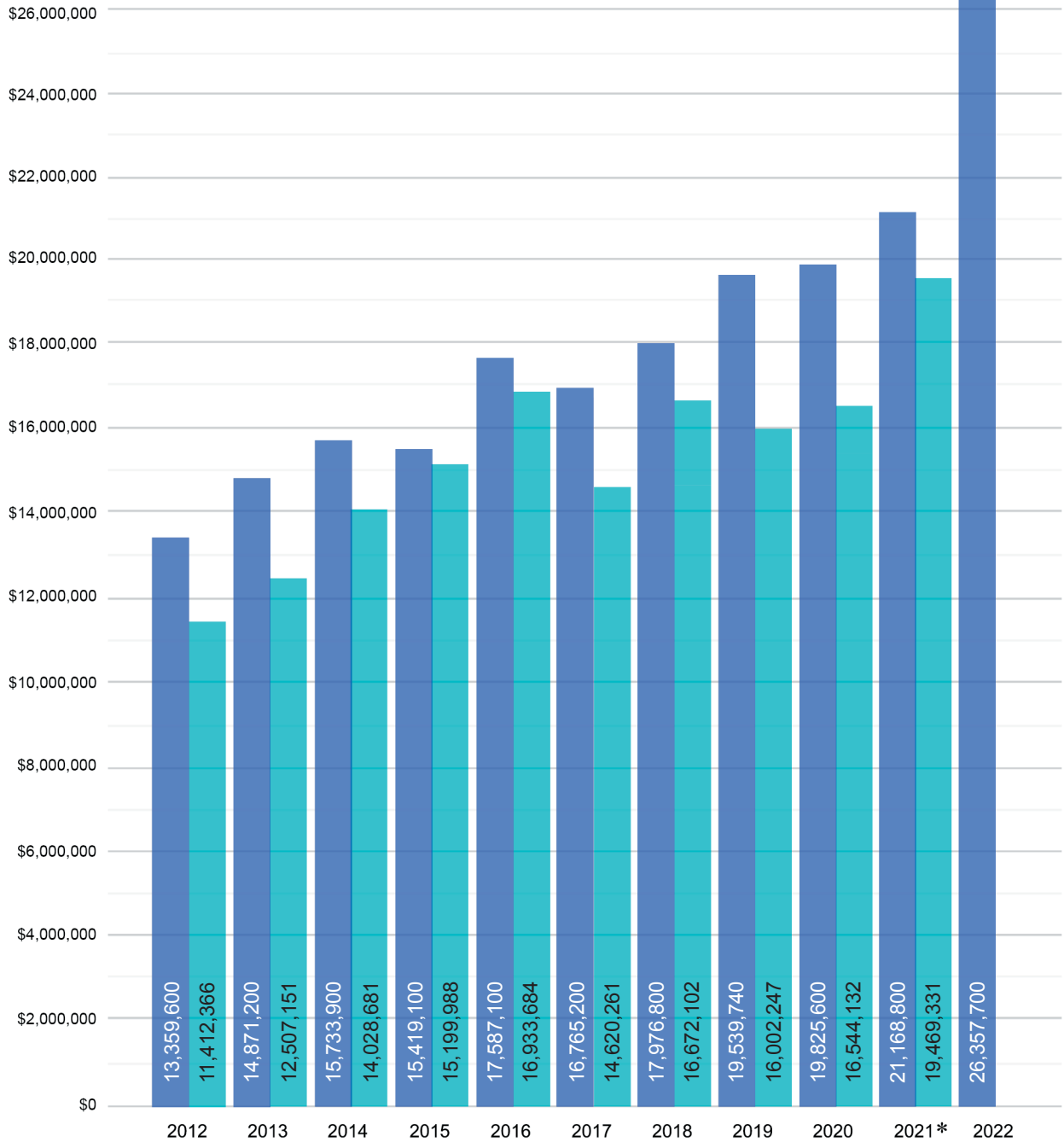
\* The totals for the budget year ending 2021 are projected expenditures based on YTD figures through 03-31-21.

■ Approved Budget  
■ Actual Expenditures

# HISTORY: BUDGET EXPENDITURES

Services and Supplies

2012-2022

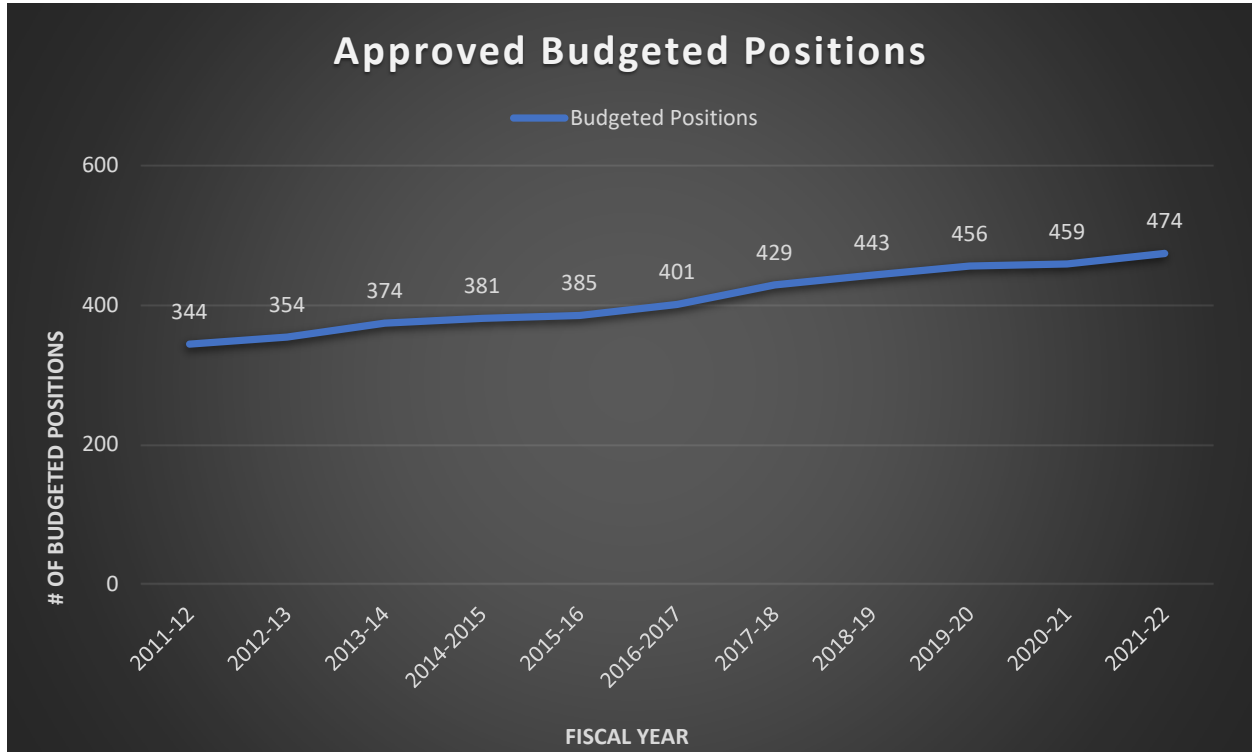


\* The totals for the budget year ending 2021 are projected expenditures based on YTD figures through 03-31-21.

■ Approved Budget  
■ Actual Expenditures



# HISTORY: APPROVED BUDGETED POSITIONS 2012 - 2022



## BUDGETED POSITIONS 2012 – 2022 BY DIVISION

DIVISION	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022*
Administrative Services	28	28	30	31	31	32	33	33	34	36	37
Benefits	57	62	62	62	63	66	70	70	71	71	78
Communications	11	11	10	10	10	10	13	13	13	14	14
Disability Litigation	7	7	7	7	7	7	7	7	7	7	7
Disability Retirement	25	28	35	39	39	39	39	40	41	41	41
Executive Office	7	7	7	7	7	7	8	8	8	8	14
Financial/Accounting	28	28	29	29	29	29	29	29	30	30	30
Human Resources	12	12	12	12	12	12	13	13	13	13	15
Internal Audit	10	10	10	10	10	10	11	11	11	11	11
Investment Office	27	27	27	27	28	33	39	41	44	44	45
Legal Services	15	15	16	17	17	20	22	23	26	26	28
Member Services	59	59	63	64	64	67	67	77	79	79	79
Quality Assurance	12	12	17	17	17	17	18	18	19	19	19
Systems Division	46	48	49	49	51	52	60	60	60	60	56
<b>TOTAL</b>	<b>344</b>	<b>354</b>	<b>374</b>	<b>381</b>	<b>385</b>	<b>401</b>	<b>429</b>	<b>443</b>	<b>456</b>	<b>459</b>	<b>474</b>

## EXECUTIVE SUMMARY

In accordance with Government Code Section 31580.2 of the County Employees Retirement Law, and the Joint Organizational Governance Committee (JOGC) Charter, we are pleased to present the FY 2021-2022 Proposed Administrative Budget for your consideration.

LACERA's Mission, Vision and Value Statements are the foundation of all strategic initiatives and organizational goals.

### **Mission Statement:**

Our mission is to produce, protect, and provide the promised benefits through prudent investment and conservation of plan assets by delivering expert administration of the pension system and providing exceptional customer service to our members and beneficiaries.

### **Vision Statement:**

Our vision is our pledge to be the premier retirement association through excellence in the application of the retirement law; commitment to teamwork; trust to safeguard assets; and service to members that is courteous, professional, and 100 percent accurate.

### **Our Values:**

- Professionalism
- Respect
- Open Communications
- Fairness
- Integrity
- Teamwork

Specifically, this budget request was developed based on the initiatives outlined in LACERA's Legacy Strategic Plan (FY 2018-2020), the Chief Executive Officer's 100 Day Report as well as other basic infrastructure issues identified. During this fiscal year, the management team was committed to developing an updated strategic plan. Unfortunately, due to the COVID-19 Pandemic we were not able to make the progress we had hoped to make. Despite this, we continue to focus our efforts on the underlying themes included in both strategy documents as follows:

- Human Resources
- Technology
- Disaster Preparedness
- Operational Improvements
- Administration Infrastructure

This past year was spent navigating our way through unprecedented times caused by the COVID-19 Pandemic. The required restrictions forced LACERA to quickly adapt to different ways of working. To ensure the safety of our members and staff, the office was closed to members and the public. Staff focused on adapting to new work processes while working from the safety of their homes. For the essential staff remaining in the workplace, protection protocols for sanitation and social distancing were immediately implemented.

Our approach to creating the FY 2021-2022 Budget was to prioritize operational improvements, careful planning, and building a sustainable future. Despite the challenges of the last year, LACERA is in a strong position to grow and seize every new opportunity. The priorities and tasks of both the Legacy Strategic Plans and the 100-Day Report are manifested in this budget proposal through a commitment to previously approved, but unfinished projects, and in a series of new projects, new positions, and new challenges. Of these challenges, the greatest we face is the return-to-work in the aftermath of the COVID-19 pandemic. This includes filling vacant positions that were unable to be filled during the pandemic. Additional challenges include complications created by PEPR, the continual growth of our membership, disaster preparedness, and information security.

In preparing this budget the Executive Office met with each division manager to review their requests and supporting data to ensure that the requests were justified and limited to essential positions, services, and supplies to fulfill operational commitments to members or carry out the Legacy Strategic Plan or critical recommendations in the 100-Day Report Roadmap. We plan to continue the practice of a phased budget development process and will return for any adjustments or requests for additional budgetary resources at the mid-year. This phased budget development approach adopted in 2020, enables the executive leadership to make timely adjustments as we continue developing the strategic direction and support necessary to achieve our goals.

The budget consists of two major components: Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S). The Proposed Administrative Budget request for FY 2021-2022 is \$114,807,486 representing a 14.5% increase from the previous year amount of \$100,290,517. This increase represents a 11.8% increase in S&EB costs and an 24.5% increase in S&S costs.

### **Salaries and Employee Benefits**

The majority of the Proposed Administrative Budget is S&EB costs. The 11.8% or \$9.3 million increase is primarily attributed to the following:

- Net increase of 15 permanent positions. (17 new, 2 deleted positions) at an estimated cost of \$1.5 million. (See schedule of position changes below).
- Full funding of vacant positions that were left unfunded in the FY 2020-2021 budget due to delays in hiring. This also includes the hiring of 15 County Temporary trainees in the Member Services and Benefit divisions whose costs are set against vacant positions. The increase related to this is approximately \$6.8 million.

- Performance and Merit increases totaling approximately \$453,000.
- Salary Step increases estimated at \$326,000.

Positions (New, Deleted, Upgraded)

DIVISION		POSTION TITLE	DESCRIPTION
Administrative Services	1.00	<i>Administrative Services Analyst III</i>	To conduct quality assurance assessments for the Document Processing Center.
Administrative Services	1.00 (1.00)	<i>Administrative Services Analyst II (Administrative Services Analyst I)</i>	Add/Delete Upgraded position to support complex work related to risk management, business continuity and contracts.
Benefits Division	4.00	<i>Retirement Benefits Specialist III</i>	To support growth in LACERA membership and increase in member transactions.
Benefits Division	3.00	<i>Retirement Benefits Specialist II</i>	To support growth in LACERA membership and increase in member transactions
Executive Office	1.00	<i>Special Assistant</i>	Assist the Executive Officers with implementing special projects, including strategic planning efforts, major initiatives, data gathering and analytics.
Human Resources	2.00	<i>Human Resources Analyst</i>	One staff to assume new HR responsibility for personnel assignment transactions. One staff to support expanding operations related to leadership development, succession planning, inclusion, and engagement.
Investment Office	1.00	<i>Finance Analyst III</i>	Assist with portfolio stewardship and corporate governance.
Legal Services	1.00	<i>Senior Staff Counsel</i>	To support investments and commercial transactions work.
Legal Services	1.00	<i>Staff Counsel</i>	Succession planning related to seasoned CERL attorney and growing Benefits workload.
Systems Division	(2.00)	<i>(Programming Systems Specialist)</i>	No longer needed.
Systems Division	3.00	<i>Data Systems Analyst I</i>	Two staff to Improve service levels for helpdesk support and one staff to support the Application Development and Business Solutions team with supporting the Pension Administration System.
<b>Total</b>		<b>15.00</b>	

For detailed justifications for the position changes requested, see the Budget Request Highlights within the divisional tabs.

**Services and Supplies**

The S&S costs are reflective of the daily operational needs of the organization and are primarily based on historical expenditures adjusted for inflation. The 24.6% or \$5.2 million increase in S&S costs represents a combination of increases and decreases resulting in a total S&S budget of approximately \$26.4 million.

We feel the following items included in the S&S budget are notable and worthy of

mention:

- \$3.5 million increase in rent, resulting from an administrative change to properly account for actual costs for rent and operating expenses of our administrative headquarters in Pasadena.
- \$1.3 million request to pay for furniture and technology in connection with renovating the Systems Division and the Financial Accounting Services Division. This amount is \$834,000 more than the prior year.
- \$700,000 increase in technology costs to upgrade the UPS units that provide critical back up power to LACERA's data centers and to support LACERA's telecommunications strategy to develop a world class Member Contact Center that integrates with our current Microsoft suite products.
- \$600,000 increase due to the new fee schedule for Disability Panel Physicians.
- \$290,000 for the retainment of a budgeting consultant and the selection of new budget software. The budget consultant will assist the Administrative Services Division with overhauling our budget process and procedures to include best practices in governmental budgeting and assist the team with the RFP for budget software. The consultant will also assist the software provider with implementation of the software and training of staff.
- \$200,000 for the selection of a Case Management System for the Member Operations Group, to assist in managing complex processes spanning across multiple units and divisions and helping ensure we process work in a timely and efficient manner. This includes integration with Workspace (our proprietary member management system), change management, and training for staff.
- \$200,000 for the selection of an Administrative Case Management System, including implementation, change management, and training for staff. This system will support the Administrative Division's efforts to keep track of service requests and processes that support the organization.
- \$150,000 for the implementation of a Travel Management System to automate making travel arrangements, process invoices, track costs, and generate reports.
- \$80,000 for a Strategic Planning Consultant to assist us with developing a sustainable Strategic Planning program including education and facilitation of the first planning cycle.

## **Summary**

The Proposed Administrative Budget request for FY 2021-2022 is \$114,807,486 representing a 14.5% increase from the previous year amount of \$100,290,517. The management team has worked diligently to draft a budget that supports LACERA's ongoing

need to maintain operations at peak levels and support the achievement of our organizational goals.

For additional details related to the budget request, see the following sections of the budget:

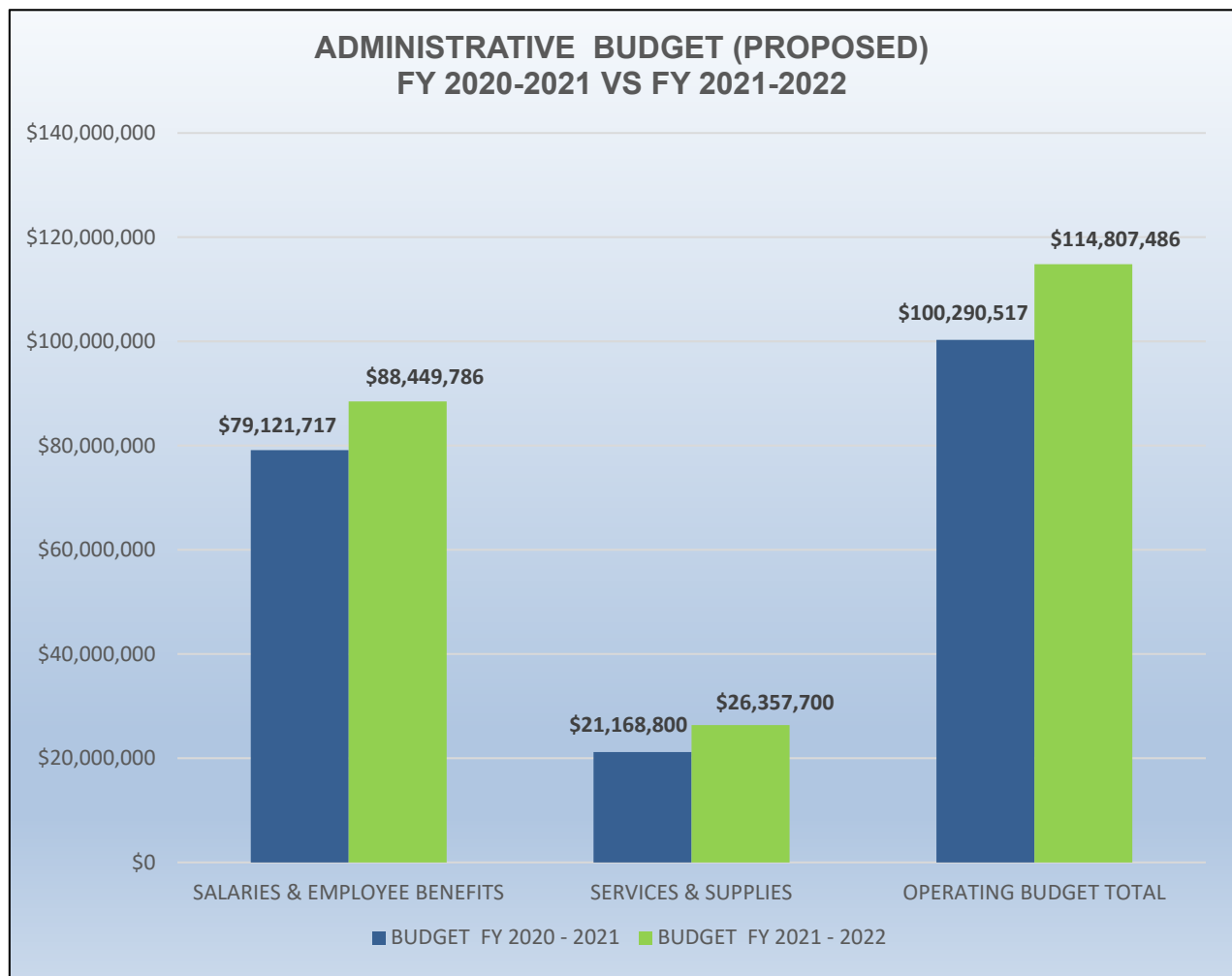
- Budget Request Summary
- Salaries and Employee Benefits Detail including YTD and projection amounts.
- Services and Supplies Detail including YTD and projection amounts.
- Divisional tabs for details by Division

## BUDGET REQUEST SUMMARY

### Overview

The Administrative budget consists of two components, Salaries & Employee Benefits (S&EB) and Services and Supplies (S&S). The proposed Administrative budget request for FY 2021-2022 is \$114,807,406. This represents a 14.5% increase from the prior year budget.

ADMINISTRATIVE BUDGET	BUDGET FY 2020 - 2021	BUDGET FY 2021 - 2022	VARIANCE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$79,121,717	\$88,449,786	\$9,328,069	11.8%
SERVICES & SUPPLIES	\$21,168,800	\$26,357,700	\$5,188,900	24.5%
<b>OPERATING BUDGET TOTAL</b>	<b>\$100,290,517</b>	<b>\$114,807,486</b>	<b>\$14,516,969</b>	<b>14.5%</b>



The chart below displays the total budgeted costs per division in comparison to the prior year.

DIVISION	BUDGET REQUEST FY 2020-2021	BUDGET REQUEST FY 2021-2022	VARIANCE	% CHANGE
Administrative Services	\$8,780,750	\$13,946,034	\$5,165,284	58.8%
Benefits	10,306,548	11,357,046	1,050,498	10.2%
Board of Retirement	139,000	214,000	75,000	54.0%
Board of Investments	271,000	436,000	165,000	60.9%
Communications	2,873,868	3,295,291	421,423	14.7%
Disability Litigation	2,078,478	2,193,630	115,152	5.5%
Disability Retirement	8,711,285	9,897,398	1,186,113	13.6%
Executive Office	2,328,120	3,809,234	1,481,114	63.6%
Financial & Accounting Services	4,002,327	4,340,488	338,161	8.4%
Human Resources	4,195,758	4,545,603	349,845	8.3%
Internal Audit	2,579,586	3,154,313	574,727	22.3%
Investment Office	14,341,463	16,458,019	2,116,556	14.8%
Legal Services	6,372,206	6,949,055	576,849	9.1%
Member Services	9,742,407	10,386,805	644,398	6.6%
Quality Assurance	3,275,093	3,418,839	143,746	4.4%
Systems	20,292,628	20,405,731	113,103	0.6%
<b>TOTAL</b>	<b>\$100,290,517</b>	<b>\$114,807,486</b>	<b>\$14,516,969</b>	<b>14.5%</b>

For additional details see the divisional tabs.



## Salaries & Employee Benefits (S&EB)

Salaries & Employee Benefit (S&EB) costs consist of the ongoing personnel costs for the organization. These costs include salaries, variable benefits (i.e., retirement costs, 457 and 401K plan costs, etc.), agency temporary staff, and overtime, OPEB contributions, and other benefit costs.

S&EB CATEGORY	BUDGET REQUEST FY 2020 - 2021	BUDGET REQUEST FY 2021 - 2022	VARIANCE	% CHANGE
<b><u>SALARIES &amp; OTHER PAYS</u></b>				
Permanent / County Temporary	\$46,345,730	\$50,631,648	\$4,285,918	9.2%
Agency Temporary	3,826,000	3,121,500	(704,500)	-18.4%
LACERA Intern Program	72,000	312,000	240,000	333.3%
Stipends	65,000	65,000	0	0.0%
Overtime	801,900	877,000	75,100	9.4%
Bilingual Bonus	21,600	21,600	0	0.0%
Transportation Allowance	7,200	7,200	0	0.0%
Rideshare Allowance	70,300	70,300	0	0.0%
Sickleave Buyback	66,500	68,800	2,300	3.5%
<b>TOTAL SALARIES &amp; OTHER PAYS</b>	<b>\$51,276,230</b>	<b>\$55,175,047</b>	<b>\$3,898,817</b>	<b>7.6%</b>
<b><u>VARIABLE BENEFITS</u></b>				
Retirement	8,744,312	10,759,292	2,014,980	23.0%
Fica Contribution	760,948	884,997	124,049	16.3%
County Subsidy - Insurance	2,492,210	2,983,542	491,332	19.7%
Options Plan	4,188,775	4,601,103	412,328	9.8%
Life Insurance	18,369	18,341	(28)	-0.2%
Health Insurance Temps	277,043	353,089	76,046	27.4%
Flexible Benefit Plan	37,419	26,074	(11,345)	-30.3%
Thrift Plan / Horizons	1,456,663	1,732,245	275,582	18.9%
Savings Plan	1,093,054	1,253,606	160,552	14.7%
Pension Savings Plan	36,850	37,462	612	1.7%
MegaFlex	4,543,926	6,113,559	1,569,633	34.5%
<b>TOTAL VARIABLE BENEFITS</b>	<b>\$23,649,568</b>	<b>\$28,763,309</b>	<b>\$5,113,741</b>	<b>21.6%</b>
<b>OPEB CONTRIBUTION</b>	<b>\$1,234,919</b>	<b>\$1,485,427</b>	<b>\$250,508</b>	<b>20.3%</b>
<b>OTHER BENEFITS</b>	<b>\$2,961,000</b>	<b>\$3,026,000</b>	<b>\$65,000</b>	<b>2.2%</b>
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>\$27,845,487</b>	<b>\$33,274,736</b>	<b>\$5,429,249</b>	<b>19.5%</b>
<b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>	<b>\$79,121,717</b>	<b>\$88,449,786</b>	<b>\$9,328,069</b>	<b>11.8%</b>

## Assumptions

The following assumptions were used in developing the S&EB portion of the budgets:

- Salaries are budgeted based on projected yearly costs by position.
- Vacant positions are budgeted at the first step and salary savings are calculated by reducing the salary cost by the number of months it takes to hire against the position. We estimate the vacancy at six months unless otherwise specified.
- Salary increases negotiated through a Memorandum of Understanding are not included in the budget request. Negotiations have not been conducted and if salary increases are eventually approved, they will most likely be effective January 1, 2022 in time for our Mid-Year budget adjustment.

## Increased Costs

The \$9.3 million increase in S&EB includes funds for additional staffing as well as certain unavoidable costs. The details of these costs are listed below:

### *Hiring Plan Changes*

During the budget development process, we calculate a salary savings for the number of months that a position will be vacant during the fiscal year. In FY 2020-2021, hiring plans were delayed and timelines were shifted due to the pandemic. At the Mid-Year FY 2020-2021 budget, we worked with the Management Team and Human Resources to reassess the vacancy estimates. Based on that examination, it was determined that positions would remain vacant for several months longer than what was originally planned and that we would retain temporary staff for a longer period. To account for this we reduced Permanent Salaries and Variable Benefits by \$2.6 million and increased Temporary staff salaries by \$2.2 million.

For FY 2021-2022 we have developed a robust hiring plan that includes getting non ordinance positions processed with the Board of Supervisors and filling vacant positions throughout the organization. Many of the vacant positions were not previously funded in the prior year budgets which resulted in a salary savings. Also included in the hiring plan is the hiring of approximately 19 - 24 County Temporary trainees in the Member Operations Group (Benefits, Member Services) whose costs are set against vacant positions. This takes into account current vacancies and projected vacancies by the time we begin the class. For FY 2021-2022, approximately \$6.8 million of the increase in S&EB relates to this unavoidable cost component of the hiring plan.

Other cost increases are attributed to the following:

### *Performance/Merit Increases*

This represents a performance/merit-based salary increase for Tier I and Tier II employees. The increase ranges from 2% to 4% depending on the staff performance rating. The total cost is estimated to be \$453,000.

### *Salary Step Increases*

This represents step increases for staff that are not at the top of their designated salary range. These increases are budgeted at 5.5%. The total cost is estimated to be \$326,000.

### *Additional Staff*

Staffing changes as outlined below include a net increase of 15 permanent positions (17 new, 2 deleted positions). The total S&EB cost for these positions is estimated at \$1.5 million after salary savings.

DIVISION		POSTION TITLE	FULL YEAR SALARY	SALARY AFTER SAVINGS	VARIABLE BENEFITS	BUDGET IMPACT
Administrative Services	1.00	Administrative Services Analyst III	\$70,978	\$53,233	\$29,278	\$82,512
	1.00	Administrative Services Analyst II	\$63,684	\$47,763	\$26,270	\$74,033
	(1.00)	Administrative Services Analyst I	\$49,399	(\$49,399)	(\$27,169)	(\$76,568)
Benefits Division	4.00	Retirement Benefits Specialist III	\$271,536	\$135,768	\$74,672	\$210,440
	3.00	Retirement Benefits Specialist II	\$170,556	\$170,555	\$93,805	\$264,360
Executive Office	1.00	Special Assistant	\$126,681	\$126,681	\$69,675	\$196,356
Human Resources	2.00	Human Resources Analyst	\$146,572	\$73,286	\$40,307	\$113,594
Investment Office	1.00	Finance Analyst III	\$169,179	\$169,179	\$93,048	\$262,227
Legal Services	1.00	Senior Staff Counsel	\$169,179	\$84,589	\$46,524	\$131,113
	1.00	Staff Counsel	\$126,681	\$63,341	\$34,837	\$98,178
Systems Division	(2.00)	Programming Systems Specialist	\$0	\$0	\$0	\$0
	3.00	Data Systems Analyst I	\$245,640	\$122,820	\$67,551	\$190,372
<b>Total</b>	<b>15.00</b>		<b>\$1,610,085</b>	<b>\$997,817</b>	<b>\$548,799</b>	<b>\$1,546,616</b>

### *Intern Program*

The LACERA Intern Program is a component of LACERA's Administrative Equity Initiative and is advertised at colleges, including community colleges throughout the nation. Over the years, our Intern Program has proven to be successful as two of the previous interns that graduated from Columbia University and the University of California Los Angeles were later hired as permanent LACERA staff. The FY 2021-2022 budget includes funding for 13 interns to support Benefits, Communications, Human Resources, Internal Audit, Investments, Legal Services, Quality Assurance and Systems. The total cost for interns is estimated at \$312,000 and represents an increase from the prior year budget amount of \$72,000.

## Total Budgeted Positions

Based on the proposal of a net increase of 15 permanent positions, LACERA's total budgeted positions count will be 474.

DIVISION	BUDGETED POSITIONS FY 2020-2021	CHANGE	BUDGETED POSITIONS FY 2021-2022
ADMINISTRATIVE	36	1	37
BENEFITS	71	7	78
COMMUNICATIONS	14		14
DISABILITY LITIGATION	7		7
DISABILITY RETIREMENT	41		41
EXECUTIVE OFFICE	8	6	14
FASD	30		30
HUMAN RESOURCES	13	2	15
INTERNAL AUDIT	11		11
INVESTMENT	44	1	45
LEGAL SERVICES	26	2	28
MEMBER SERVICES	79		79
QUALITY ASSURANCE	19		19
SYSTEMS	60	(4)	56
<b>TOTAL</b>	<b>459</b>	<b>15</b>	<b>474</b>

\*This chart addresses the change in total positions. The net decrease in Systems positions requires some further explanation. As discussed in the previous chart, Systems is adding 3 new positions and deleting two positions. This leaves them with a net increase of 1. However, this chart shows a net decrease of 4, because this reflects the net positions after the five IT Security Team positions have been transferred to the Executive Office. Likewise, the Executive Office reflects a net increase of six positions (one Special Assistant and the five IT Security Team positions).

## Vacancy Information

Each year as part of the budgeting process the management team reviews the current workload in order to forecast the number of staff needed to fulfill LACERA's mission to produce, protect, and provide the promised benefits. One of the results of the process is a staffing plan that is presented to the executive team as part of each division's budget proposal.

Once the executive and managements teams have agreed on a plan, the staffing requests are included in the budget proposal presented to the Boards. The vacant position chart below shows that there are 81 vacant positions as of April 30, 2021. The proposed budget will add 15 positions. This will increase the expected number of vacant positions to 96 by July 1, 2021 (this number could change – increase or decrease – based on new hires or separations that occur after or before June 30, 2021).

The goal of management is to fill vacant positions to serve our members efficiently and

timely. The FY 2020-2021 hiring was greatly impacted due to COVID-19. There is a recruitment and hiring plan in place that will methodically decrease the number of vacancies and recruit participants into the next Member Services and Benefit Division training class.

### VACANT POSITIONS SUMMARY

Division	Budgeted Positions FY 2020-2021	Vacancy as of 04/30/21	%	Budgeted Positions FY 2021-2022*	Vacancy	%
Administrative Services	36	10	28%	37	11	30%
Benefits	71	4	6%	78	11	14%
Communications	14	4	29%	14	4	29%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	41	2	5%	41	2	5%
Executive	8	2	25%	14	8	57%
Financial Accounting Services	30	10	33%	30	10	33%
Human Resources	13	0	0%	15	2	13%
Internal Audit	11	1	9%	11	1	9%
Investments Ø	44	4	9%	45	5	11%
Legal Services Ø	26	6	23%	28	8	29%
Member Services	79	10	13%	79	10	13%
Quality Assurance	19	4	21%	19	4	21%
Systems Ø	60	24	40%	56	20	36%
<b>LACERA Total</b>	<b>459</b>	<b>81</b>	<b>18%</b>	<b>474</b>	<b>96</b>	<b>20%</b>

\* Includes new requested positions.

Ø Includes five (5) budgeted positions not yet processed by the Board of Supervisors.

### SERVICES & SUPPLIES (S&S)

The Services and Supplies (S&S) costs are reflective of the daily operational needs of the organization and are primarily based on historical expenditures adjusted for inflation. The 24.6% or \$5.2 million increase in S&S costs represents a combination of increases and decreases resulting in a total S&S budget of approximately \$26.4 million.

We feel the following items included in the S&S budget are notable and worthy of mention:

- \$4.8 million increase in Building Costs pertain to the following:
  - \$3.5 million for rent and operating costs for the headquarters building. A new five-year lease agreement was effective January 1, 2021. The significant increase relates to an administrative change to properly

account for rent and operation expenses not included in prior years.

- \$1.3 million request to pay for furniture and technology in connection with renovating office spaces. This amount is \$834,000 more than the prior year amount of \$466,000. We propose to renovate the Systems Division and the Financial & Accounting Services Division (FASD) during next fiscal year. These divisions were last renovated over 15 years ago. We estimate the Systems Division furniture and technology costs at \$750,000 and FASD at \$350,000. An additional \$200,000 is included for unexpected renovation projects related to post COVID return to work plans.
- \$700,000 increase in technology costs pertain to the following:
  - Replacement of the UPS units that provide critical backup power to LACERA's data centers during outages. These units are at the end of life. This funding is requested to redesign and replace the existing units to create a redundant power system.
  - To modernize our existing telecommunications infrastructure. This funding is requested to support LACERA's telecommunications strategy both for our Pasadena office and to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products.
- \$600,000 increase due to the new fee schedule for Disability Panel Physicians.
- \$290,000 for the retainment of a budgeting consultant and the selection of new budget software. The budget consultant will assist the Administrative Services Division with overhauling our budget process and procedures to include best practices in governmental budgeting and assist the team with the RFP for budget software. The consultant will also assist the software provider with implementation of the software and training of staff.
- \$200,000 for the selection of a Case Management System for the Member Operations Group, to assist in managing complex processes spanning across multiple units and divisions and helping ensure we process work in a timely and efficient manner. This includes integration with Workspace (our proprietary member management system), change management, and training for staff.
- \$200,000 for the selection of an Administrative Case Management System, including implementation, change management, and training for staff. This system will support the Administrative Division's efforts to keep track of service requests and processes that support the organization.
- \$150,000 for the implementation of a Travel Management System to automate making travel arrangements, process invoices, track costs, and generate reports.
- \$80,000 for a Strategic Planning Consultant to assist us with developing a

sustainable Strategic Planning program including education and facilitation of the first planning cycle.

S&S CATEGORY	BUDGET REQUEST FY 2020-2021	BUDGET REQUEST FY 2021-2022	VARIANCE	% CHANGE
Auto Expenses	\$36,800	\$131,200	\$94,400	256.5%
Communications	740,000	925,000	185,000	25.0%
Transportation & Travel	455,500	604,500	149,000	32.7%
Postage	991,400	991,400	0	0.0%
Stationery & Forms	640,100	645,300	5,200	0.8%
Office Supplies & Equipment	959,000	696,500	(262,500)	-27.4%
Insurance	748,300	911,600	163,300	21.8%
Equipment Maintenance	638,000	612,800	(25,200)	-3.9%
Equipment Rents & Leases	310,000	277,000	(33,000)	-10.6%
Building Costs	3,034,000	7,472,400	4,438,400	146.3%
Parking Fees	377,000	377,000	0	0.0%
Professional & Specialized Services	3,872,600	3,142,200	(730,400)	-18.9%
Bank Services	195,000	200,500	5,500	2.8%
Legal Fees & Services	435,500	472,500	37,000	8.5%
Disability Fees & Services	2,086,000	2,665,500	579,500	27.8%
Computer Services & Support	3,910,100	4,609,100	699,000	17.9%
Educational Expenses	1,137,200	1,225,400	88,200	7.8%
Miscellaneous	602,300	397,800	(204,500)	-34.0%
	<b>\$21,168,800</b>	<b>\$26,357,700</b>	<b>\$5,188,900</b>	<b>24.5%</b>

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS  
CATEGORY SUMMARY

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2 0 2 0 - 2 0 2 1			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Permanent Salaries</b>	<b>\$50,631,648</b>	\$46,345,730	\$29,951,515	\$45,104,805	(\$1,240,925)	-2.7%	\$4,285,918	9.2%
<b>Outside Agency Temporary Staffing</b>	<b>3,121,500</b>	3,826,000	2,279,101	3,699,070	(126,930)	-3.3%	(704,500)	-18.4%
<b>LACERA Intern Program</b>	<b>312,000</b>	72,000	3,750	15,000	(57,000)	-79.2%	240,000	333.3%
<b>Variable Benefits</b>								
Retirement	10,759,292	8,744,312	5,825,868	8,779,882	35,570	0.4%	2,014,980	23.0%
FICA Contribution	884,997	760,948	491,255	764,165	3,217	0.4%	124,049	16.3%
County Subsidy - Insurance	2,983,542	2,492,210	1,414,984	2,146,484	(345,726)	-13.9%	491,332	19.7%
Options Plan	4,601,103	4,188,775	2,536,615	3,913,982	(274,793)	-6.6%	412,328	9.8%
Life Insurance	18,341	18,369	10,628	16,902	(1,467)	-8.0%	(28)	-0.2%
Health Insurance Temps	353,089	277,043	38,656	38,656	(238,387)	-86.0%	76,046	27.4%
Flexible Benefit Plan	26,074	37,419	12,851	19,324	(18,095)	-48.4%	(11,345)	-30.3%
Thrift Plan/Horizons	1,732,245	1,456,663	901,407	1,356,046	(100,617)	-6.9%	275,582	18.9%
Savings Plan	1,253,606	1,093,054	658,590	1,008,214	(84,840)	-7.8%	160,552	14.7%
Pension Savings Plan	37,462	36,850	6,710	10,825	(26,025)	-70.6%	612	1.7%
Megaflex	6,113,559	4,543,926	3,390,762	5,154,637	610,711	13.4%	1,569,633	34.5%
<b>Total</b>	<b>28,763,309</b>	23,649,568	15,288,326	23,209,117	(440,451)	-1.9%	5,113,741	21.6%
<b>Other Benefits</b>	<b>3,026,000</b>	2,961,000	2,072,824	2,931,390	(29,610)	-1.0%	65,000	2.2%
<b>OPEB Contribution</b>	<b>1,485,427</b>	1,234,919	937,022	1,314,625	79,706	6.5%	250,508	20.3%
<b>Stipends</b>	<b>65,000</b>	65,000	37,752	58,900	(6,100)	-9.4%	0	0.0%
<b>Overtime</b>	<b>877,000</b>	801,900	502,471	748,950	(52,950)	-6.6%	75,100	9.4%
<b>Bilingual Bonus</b>	<b>21,600</b>	21,600	12,700	19,100	(2,500)	-11.6%	0	0.0%
<b>Sickleave Buyback</b>	<b>68,800</b>	66,500	51,913	51,913	(14,587)	-21.9%	2,300	3.5%
<b>Rideshare Allowance</b>	<b>70,300</b>	70,300	1,753	2,973	(67,327)	-95.8%	0	0.0%
<b>Transportation Allowance</b>	<b>7,200</b>	7,200	5,100	7,200	0	0.0%	0	0.0%
<b>S&amp;EB TOTAL</b>	<b>\$88,449,786</b>	<b>\$79,121,717</b>	<b>\$51,144,227</b>	<b>\$77,163,043</b>	<b>(\$1,958,674)</b>	<b>-2.5%</b>	<b>\$9,328,069</b>	<b>11.8%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.



**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS**  
**DIVISION SUMMARY**

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020 - 2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	4,326,334	\$3,778,350	\$2,418,218	\$3,681,147	(\$97,203)	-2.6%	\$547,984.41	14.5%
Benefits	11,285,046	10,241,148	6,762,985	10,135,851	(105,297)	-1.0%	1,043,898	10.2%
Communications	2,253,791	1,867,768	1,116,128	1,731,580	(136,188)	-7.3%	386,023	20.7%
Disability Litigation	2,141,130	2,035,878	1,393,776	2,035,379	(499)	0.0%	105,252	5.2%
Disability Retirement	6,962,398	6,347,485	4,228,015	6,349,340	1,855	0.0%	614,913	9.7%
Executive Office	3,490,434	1,899,420	1,365,359	2,033,736	134,316	7.1%	1,591,014	83.8%
Financial & Accounting Services	4,100,488	3,760,227	2,238,422	3,588,809	(171,418)	-4.6%	340,261	9.0%
Human Resources	2,926,303	2,388,658	1,675,458	2,447,130	58,472	2.4%	537,645	22.5%
Internal Audit	2,433,813	2,121,686	1,495,923	2,251,768	130,082	6.1%	312,127	14.7%
Investment Office	16,189,519	14,104,163	9,732,695	14,094,252	(9,911)	-0.1%	2,085,356	14.8%
Legal Services	6,108,955	5,592,106	3,568,649	5,465,289	(126,817)	-2.3%	516,849	9.2%
Member Services	10,331,305	9,691,407	6,128,347	9,310,354	(381,053)	-3.9%	639,898	6.6%
Quality Assurance	3,334,939	3,183,593	2,040,646	3,040,449	(143,144)	-4.5%	151,346	4.8%
Systems Division	12,565,331	12,109,828	6,979,607	10,997,959	(1,111,869)	-9.2%	455,503	3.8%
<b>S&amp;EB TOTAL</b>	<b>88,449,786</b>	<b>\$79,121,717</b>	<b>\$51,144,227</b>	<b>\$77,163,043</b>	<b>(\$1,958,674)</b>	<b>-2.5%</b>	<b>\$9,328,069</b>	<b>11.8%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**AGENCY TEMPORARY STAFFING**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020 - 2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
Administrative Services	<b>\$202,000</b>	\$305,200	\$151,165	\$280,200	(\$25,000)	-8.2%	(\$103,200)	-33.8%
Benefits	<b>71,900</b>	47,700	30,595	47,700	0	0.0%	24,200	50.7%
Communications	<b>79,600</b>	135,700	71,570	71,570	(64,130)	-47.3%	(56,100)	-41.3%
Disability Litigation	<b>0</b>	8,700	0	0	(8,700)	-100.0%	(8,700)	0.0%
Disability Retirement	<b>143,000</b>	72,100	65,254	72,100	0	0.0%	70,900	98.3%
Executive Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Financial & Accounting Services	<b>729,400</b>	505,400	236,057	450,000	(55,400)	-11.0%	224,000	44.3%
Human Resources	<b>47,700</b>	47,700	53,885	60,000	12,300	25.8%	0	0.0%
Internal Audit	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Investment Office	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Legal Services	<b>85,400</b>	53,500	57,562	67,500	14,000	26.2%	31,900	59.6%
Member Services	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Quality Assurance	<b>0</b>	0	0	0	0	0.0%	0	0.0%
Systems Division	<b>1,762,500</b>	2,650,000	1,613,013	2,650,000	0	0.0%	(887,500)	-33.5%
<b>TOTAL</b>	<b>\$3,121,500</b>	<b>\$3,826,000</b>	<b>\$2,279,101</b>	<b>\$3,699,070</b>	<b>(\$126,930)</b>	<b>-3.3%</b>	<b>(\$704,500)</b>	<b>-18.4%</b>

\*All amounts rounded to the nearest dollar.

**LACERA**  
**BUDGET REQUEST INFORMATION**  
**AGENCY TEMPORARY STAFFING**  
**HISTORY OF EXPENDITURES**

DIVISION	FYE 2019		FYE 2020		FYE 2021		FYE 2021
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$114,000	\$97,002	\$54,000	\$211,262	\$305,200	\$280,200	\$202,000
Benefits	0	97,390	809,700	595,413	47,700	47,700	71,900
Communications	102,500	18,315	47,800	83,162	135,700	71,570	79,600
Disability Litigation	0	0	0	0	8,700	0	0
Disability Retirement	42,009	46,525	36,000	28,860	72,100	72,100	143,000
Executive Office	0	0	0	0	0	0	0
Financial Services	296,300	417,710	424,200	254,613	505,400	450,000	729,400
Human Resources	101,100	93,245	26,200	39,962	47,700	60,000	47,700
Internal Audit	0	8,346	0	0	0	0	0
Investment Office	0	0	0	0	0	0	0
Legal Services	118,700	57,928	60,000	57,365	53,500	67,500	85,400
Member Services	129,300	152,329	160,700	100,646	0	0	0
Quality Assurance	0	0	0	0	0	0	0
Systems	992,000	1,849,848	1,700,000	1,143,206	2,650,000	2,650,000	1,762,500
<b>GRAND TOTAL</b>	<b>\$1,895,909</b>	<b>\$2,838,638</b>	<b>\$3,318,600</b>	<b>\$2,514,489</b>	<b>\$3,826,000</b>	<b>\$3,699,070</b>	<b>\$3,121,500</b>

\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**OVERTIME REQUEST**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Administrative Services	\$ 50,000	\$43,700	\$10,521	\$43,700	\$0	0.0%	\$6,300	14.4%
Benefits	398,000	371,600	227,158	340,800	(30,800)	-8.3%	26,400	7.1%
Communications	4,100	3,300	3,492	5,000	1,700	51.5%	800	24.3%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	16,100	9,500	12,496	15,000	5,500	57.9%	6,600	69.5%
Executive Office	25,600	25,000	1,078	4,000	(21,000)	-84.0%	600	2.4%
Financial & Accounting Services	67,900	68,400	31,513	62,215	(6,185)	-9.0%	(500)	-0.7%
Human Resources	2,900	1,500	342	800	(700)	-46.7%	1,400	93.3%
Internal Audit	4,900	4,800	492	1,000	(3,800)	-79.2%	100	2.1%
Investment Office	1,000	1,000	0	0	(1,000)	-100.0%	(0)	0.0%
Legal Services	18,100	12,500	4,026	12,500	0	0.0%	5,600	44.8%
Member Services	133,800	130,500	113,451	130,500	0	0.0%	3,300	2.5%
Quality Assurance	21,300	0	2,224	3,335	3,335	0.0%	21,300	0.0%
Systems Division	133,300	130,100	95,678	130,100	0	0.0%	3,200	2.5%
<b>TOTAL</b>	<b>\$ 877,000</b>	<b>\$801,900</b>	<b>\$502,471</b>	<b>\$748,950</b>	<b>(\$52,950)</b>	<b>-6.6%</b>	<b>\$75,100</b>	<b>9.4%</b>

\*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

OVERTIME  
HISTORY OF EXPENDITURES

DIVISION	FYE 2019		FYE 2020		FYE 2021		FYE 2021
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$28,007	\$45,852	\$31,500	\$25,421	\$43,700	\$43,700	\$50,000
Benefits	191,075	356,121	197,800	313,608	371,600	340,800	398,000
Communications	3,600	1,861	3,000	2,618	3,300	5,000	4,100
Disability Litigation	0	3	0	0	0	0	0
Disability Retirement	11,972	23,813	12,400	23,335	9,500	15,000	16,100
Executive Office	6,376	61,205	3,000	31,579	25,000	4,000	25,600
Financial Services	63,720	48,042	74,300	49,152	68,400	62,215	67,900
Human Resources	1,403	1,372	1,500	1,294	1,500	800	2,900
Internal Audit	3,327	108	3,000	390	4,800	1,000	4,900
Investment Office	2,000	574	0	0	1,000	0	1,000
Legal Services	36,144	6,086	35,000	743	12,500	12,500	18,100
Member Services	115,400	209,193	119,500	227,703	130,500	130,500	133,800
Quality Assurance	1,871	4,289	1,000	2,878	0	3,335	21,300
Systems	130,100	142,695	130,100	119,753	130,100	130,100	133,300
<b>GRAND TOTAL</b>	<b>\$594,995</b>	<b>\$901,214</b>	<b>\$612,100</b>	<b>\$798,476</b>	<b>\$801,900</b>	<b>\$748,950</b>	<b>\$877,000</b>

\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BILINGUAL BONUS**  
**SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Benefits Division	<b>\$2,400</b>	\$2,400	\$1,700	\$2,400	\$0	0.0%	\$0	0.0%
Legal Services	<b>2,400</b>	2,400	1,650	2,400	0	0.0%	0	0.0%
Member Services Division	<b>16,800</b>	16,800	9,350	14,300	(2,500)	-14.9%	0	0.0%
<b>TOTAL</b>	<b>\$21,600</b>	<b>\$21,600</b>	<b>\$12,700</b>	<b>\$19,100</b>	<b>(\$2,500)</b>	<b>-11.6%</b>	<b>\$0</b>	<b>0.0%</b>

\*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS  
SUMMARY

Division	Budgeted Positions FY 2020-2021	Vacancy (as of 04/30/21)	%	Budgeted Positions FY 2021-2022*	Vacancy	%
Administrative Services	36	10	28%	37	11	30%
Benefits	71	4	6%	78	11	14%
Communications	14	4	29%	14	4	29%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	41	2	5%	41	2	5%
Executive	8	2	25%	14	8	57%
Financial Accounting Services	30	10	33%	30	10	33%
Human Resources	13	0	0%	15	2	13%
Internal Audit	11	1	9%	11	1	9%
Investments Ø	44	4	9%	45	5	11%
Legal Services Ø	26	6	23%	28	8	29%
Member Services	79	10	13%	79	10	13%
Quality Assurance	19	4	21%	19	4	21%
Systems Ø	60	24	40%	56	20	36%
<b>LACERA Total</b>	<b>459</b>	<b>81</b>	<b>18%</b>	<b>474</b>	<b>96</b>	<b>20%</b>

\* Includes new requested positions.

Ø Includes five (5) budgeted positions not yet approved by Board of Supervisors.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES AND SUPPLIES**  
**DIVISION SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
Administrative Services	<b>9,619,700</b>	\$5,002,400	\$2,747,999	\$4,477,513	(\$524,887)	-10.5%	\$4,617,300	92.3%
Benefits	<b>72,000</b>	65,400	28,634	41,100	(24,300)	-37.2%	6,600	10.1%
Board of Retirement	<b>214,000</b>	139,000	17,078	68,000	(71,000)	-51.1%	75,000	54.0%
Board of Investment	<b>436,000</b>	271,000	39,019	128,000	(143,000)	-52.8%	165,000	60.9%
Communications	<b>1,041,500</b>	1,006,100	614,899	894,468	(111,632)	-11.1%	35,400	3.5%
Disability Litigation	<b>52,500</b>	42,600	25,093	33,500	(9,100)	-21.4%	9,900	23.2%
Disability Retirement	<b>2,935,000</b>	2,363,800	1,056,656	2,235,200	(128,600)	-5.4%	571,200	24.2%
Executive Office	<b>318,800</b>	428,700	109,840	204,075	(224,625)	-52.4%	(109,900)	-25.6%
Financial & Accounting Services	<b>240,000</b>	242,100	10,183	214,200	(27,900)	-11.5%	(2,100)	-0.9%
Human Resources	<b>1,619,300</b>	1,807,100	643,631	1,300,200	(506,900)	-28.1%	(187,800)	-10.4%
Internal Audit	<b>720,500</b>	457,900	196,169	340,900	(117,000)	-25.6%	262,600	57.3%
Investment Office	<b>268,500</b>	237,300	84,589	94,800	(142,500)	-60.1%	31,200	13.1%
Legal Services	<b>840,100</b>	780,100	810,062	1,111,200	331,100	42.4%	60,000	7.7%
Member Services	<b>55,500</b>	51,000	670	2,519	(48,481)	-95.1%	4,500	8.8%
Quality Assurance	<b>83,900</b>	91,500	4,925	58,016	(33,484)	-36.6%	(7,600)	-8.3%
Systems	<b>7,840,400</b>	8,182,800	3,586,126	8,265,640	82,840	1.0%	(342,400)	-4.2%
<b>S&amp;S TOTAL</b>	<b>\$26,357,700</b>	<b>\$21,168,800</b>	<b>\$9,975,571</b>	<b>\$19,469,331</b>	<b>(\$1,699,469)</b>	<b>-8.0%</b>	<b>\$5,188,900</b>	<b>24.5%</b>

\*All amounts rounded to the nearest dollar.



**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES AND SUPPLIES**  
**CATEGORY SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2 0 2 0 - 2 0 2 1</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Auto Expense	<b>\$131,200</b>	\$36,800	\$6,565	\$13,651	(\$23,149)	-62.9%	\$94,400	256.5%
Communications	<b>925,000</b>	740,000	405,996	725,000	(15,000)	-2.0%	185,000	25.0%
Transportation and Travel	<b>604,500</b>	455,500	3,905	9,635	(445,865)	-97.9%	149,000	32.7%
Postage	<b>991,400</b>	991,400	518,295	821,310	(170,090)	-17.2%	0	0.0%
Stationery and Forms	<b>645,300</b>	640,100	410,114	568,768	(71,332)	-11.1%	5,200	0.8%
Office Supplies and Equipment	<b>696,500</b>	959,000	936,567	1,179,840	220,840	23.0%	(262,500)	-27.4%
Insurance	<b>911,600</b>	748,300	750,948	750,948	2,648	0.4%	163,300	21.8%
Equipment Maintenance	<b>612,800</b>	638,000	201,441	555,300	(82,700)	-13.0%	(25,200)	-3.9%
Equipment Rents and Leases	<b>277,000</b>	310,000	138,062	221,000	(89,000)	-28.7%	(33,000)	-10.6%
Building Costs	<b>7,472,400</b>	3,034,000	1,386,635	2,843,000	(191,000)	-6.3%	4,438,400	146.3%
Parking Fees	<b>377,000</b>	377,000	309,042	420,000	43,000	11.4%	0	0.0%
Professional and Spec. Svcs.	<b>3,142,200</b>	3,872,600	1,509,656	3,487,480	(385,120)	-9.9%	(730,400)	-18.9%
Bank Services	<b>200,500</b>	195,000	(435)	195,000	0	0.0%	5,500	2.8%
Legal Fees and Services	<b>472,500</b>	435,500	532,053	758,800	323,300	74.2%	37,000	8.5%
Disability Fees and Services	<b>2,665,500</b>	2,086,000	914,783	1,992,500	(93,500)	-4.5%	579,500	27.8%
Computer Services and Support	<b>4,609,100</b>	3,910,100	1,567,388	3,900,200	(9,900)	-0.3%	699,000	17.9%
Educational Expense	<b>1,225,400</b>	1,137,200	342,858	801,400	(335,800)	-29.5%	88,200	7.8%
Miscellaneous	<b>397,800</b>	602,300	41,698	225,500	(376,800)	-62.6%	(204,500)	-34.0%
<b>S&amp;S TOTAL</b>	<b>\$26,357,700</b>	<b>\$21,168,800</b>	<b>\$9,975,571</b>	<b>\$19,469,331</b>	<b>(\$1,699,469)</b>	<b>-8.0%</b>	<b>\$5,188,900</b>	<b>24.5%</b>

\*All amounts rounded to the nearest dollar.



**Mission**

Produce, Protect, and Provide the Promised Benefits

**INTRODUCTION**

The Board of Retirement is responsible for the administration of the retirement system, the retiree healthcare program, and the review and processing of disability retirement applications. The Board must execute its duties with care, skill, prudence, and diligence. The Board is comprised of eleven members. Four of its members are appointed by the Los Angeles County Board of Supervisors; two are elected by active general members; safety members elect one member and one alternate member, retired members also elect one member and one alternate member. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

**SERVICES AND SUPPLIES**

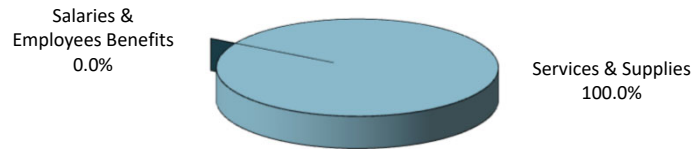
The Board’s Services and Supplies budget request is based on actual expenditure trends.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**BOARD OF RETIREMENT**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	214,000	139,000	17,078	68,000	(71,000)	-51.1%	75,000	54.0%
<b>OPERATING BUDGET</b>	<b>\$214,000</b>	<b>\$139,000</b>	<b>\$17,078</b>	<b>\$68,000</b>	<b>(\$71,000)</b>	<b>-51.1%</b>	<b>\$75,000</b>	<b>54.0%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BOARD OF RETIREMENT**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)			
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	<b>\$85,000</b>	\$85,000	(\$891)	\$500	(\$84,500)	-99.4%	\$0	0.0%
EDUCATIONAL EXPENSES	<b>82,000</b>	48,000	17,969	67,500	19,500	40.6%	34,000	70.8%
MISCELLANEOUS	<b>47,000</b>	6,000	0	0	(6,000)	-100.0%	41,000	683.3%
TOTAL	<b>\$214,000</b>	\$139,000	\$17,078	\$68,000	(\$71,000)	-51.1%	\$75,000	54.0%

\*All amounts rounded to the nearest dollar.



## **Mission**

Produce, Protect, and Provide the Promised Benefits

## **INTRODUCTION**

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the Fund. The Board must execute its duties with care, skill, prudence, and diligence. The Board is comprised of nine members. Four members are appointed by the Los Angeles County Board of Supervisors; two are elected by active general members; and both safety members and retired members elect one member each. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

## **SERVICES AND SUPPLIES**

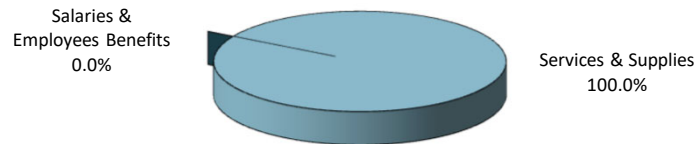
The Board's Services and Supplies budget request is based on actual expenditure trends.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**BOARD OF INVESTMENTS**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	436,000	271,000	39,019	128,000	(143,000)	-52.8%	165,000	60.9%
<b>OPERATING BUDGET</b>	<b>\$436,000</b>	<b>\$271,000</b>	<b>\$39,019</b>	<b>\$128,000</b>	<b>(\$143,000)</b>	<b>-52.8%</b>	<b>\$165,000</b>	<b>60.9%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BOARD OF INVESTMENTS**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$220,000</b>	\$145,000	\$2,496	\$4,000	(\$141,000)	-97.2%	\$75,000	51.7%
EDUCATIONAL EXPENSES	<b>150,000</b>	120,000	36,523	124,000	4,000	3.3%	30,000	25.0%
MISCELLANEOUS	<b>66,000</b>	6,000	0	0	(6,000)	-100.0%	60,000	1000.0%
TOTAL	<b>\$436,000</b>	\$271,000	\$39,019	\$128,000	(\$143,000)	-52.8%	\$165,000	60.9%

\*All amounts rounded to the nearest dollar.



### **Mission**

Administrative Services collaborates with all LACERA Divisions to provide quality services through people, technology and innovation.

- People: We are a professional team dedicated to customer service and motivated to achieve excellence.
- Technology: We provide superior customer service through the creative use of technology.
- Innovation: We partner with LACERA to promote creative ideas to surpass customer expectations.

### **Budget Request Highlights**

#### **INTRODUCTION**

The Administrative Services Division (ASD) provides the operational infrastructure that supports the divisions in administering LACERA programs and services. In short, we ensure that each person has the right resources to do their jobs.

Specific functions include:

- Procurement
- Facilities Management
- Budget Development and Monitoring
- Document Processing (Imaging/ Mail Room / Copy Services)
- Business Continuity
- Business Insurance
- Health and Safety
- Records and Information Management
- Risk Management
- Contract Compliance
- Rideshare Administration



## **STAFFING**

### **A. New Position**

The Administrative Services Division is requesting to add one Administrative Services Analyst III in the Document Processing Center (DPC) for quality control and assurance measures. The DPC imaging process continues to be the starting point for all member-centric services. For fiscal year 2019-2020, the DPC indexed 260,094 member documents. Members submitted most of the documents by US mail and fax. Benefits, Disability Retirement, Member Services, and Retiree Health Care depend on the DPC to scan and index documents to the correct Workspace queue. Accuracy is important because indexing errors can result in service delays, privacy breaches, and over/under payments to members. Having a full-time ASAIll perform the quality assurance audits will help increase the accuracy and efficiency of the imaging process. Additional duties will include reviewing imaging procedures to eliminate workflow redundancies and obsolete business rules. The ASAIll will also collaborate with business partners on streamlining cross-divisional workflows. Finally, the ASAIll will develop new performance management tools to help supervisors better evaluate employee performance.

### **Working Supervisors**

The Document Processing Coordinators (Coordinators) are responsible for planning and managing the DPC's imaging and mail room services. They ensure staff comply with policies, procedures, and meet service level agreements. The Coordinators are also responsible for daily remote deposit of incoming checks, processing IRIS checks, performing quality assurance audits, and training staff. The Coordinators are working supervisors that assist with the daily imaging work and fill in for staff that are sick, on vacation, or on extended leave. In a nine-hour workday, the Coordinators spend an average of six and half hours on administrative tasks.

- Two hours per day conducting quality assurance audits.<sup>1</sup>
- One hour verifying and preparing the checks for remote deposit.
- One and half hours reconciling and preparing the IRIS Checks for mailing.
- Two hours responding to document inquiries from business partners.

As part of the quality assurance audits, the Coordinators verify that the DPC staff indexed documents under the correct document type and into the correct member account. The Coordinators also ensure the imaged documents are legible, de-skewed, de-speckled, and oriented correctly for viewing. Finally, the Coordinators ensure compliance with business rules for special documents, such as member checks, LACERA returned warrants, and attorney correspondence. If the Coordinators find an error, they take the following corrective action:

- Rescan documents with poor image quality.
- Re-index and rework documents in Workspace.

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<sup>1</sup>Each Coordinator audits an average of 250 documents per day.

- Determine the root cause of the error (human error, training, or procedural)
- Provide immediate feedback to staff, clarify procedures, and recommend procedural changes when needed.

The Coordinators are also responsible for the daily remote deposit of incoming checks from members, beneficiaries, title holding companies, and outside districts. The Coordinators generate the deposit log, verify the checks in Workspace, confirm the check type and deposit account. They also ensure the checks comply with State Street Bank's imaging guidelines and procedures. If the checks have poor image quality or an incorrect format, the Coordinators process the check(s) as an exception.

The Coordinators verify and mail an average of 53 IRIS checks per day. However, this number doubles during the annual Medicare Premium Reimbursement period.<sup>2</sup> The Coordinators reconcile the physical checks against the check register, prepare the checks for mailing, and update the IRSI Check Manager database with the mailing date and disposition.

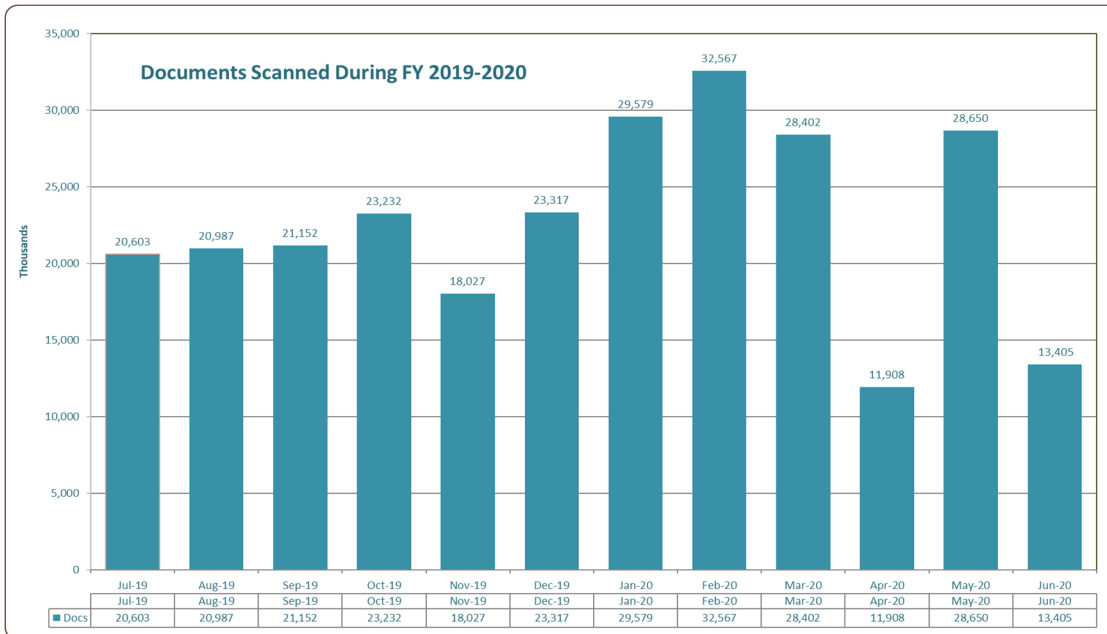
Finally, the Coordinators respond to document inquiries from our business partners. The requests include, confirming receipt of documents, deposit of checks, and expediting the return of documents. The Coordinators receive an average of eight request per day. The amount of time spent on a request can range from five minutes to three hours.

During March Madness, the imaging workload increases substantially. See Figure 1. As a result, the Coordinators spend more time on their administrative tasks. The DPC is a high pace production unit. The workload and priorities change quickly and often. The DPC needs production supervisors that can monitor and supervise the workflow and production.

Having the ASAll manage the quality assurance audits and staff training will enable the Coordinators to spend more time managing the workload. For example, the Coordinators can set production objectives and reassign duties as needed. The Coordinators will also have more time to respond to e-mail inquiries and coach direct reports. In addition, the section supervisor can train the Coordinators on higher-level supervisory tasks.

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<sup>2</sup> Coordinators processed 3,458 IRIS checks during FY 2019-2020. They have processed 2,559 IRIS checks from July 2020 to January 2021.



Adding the ASAIII position will support the following organization goals:

- **Continuous Process Improvements:** The ASAIII will continuously review the DPC imaging procedures to eliminate workflow redundancies and obsolete business rules. The ASAIII will also collaborate with business partners on streamlining cross-divisional workflows by using new technology.
- **Increase Staff Engagement and Development:** The ASAIII will manage the training program for new employees and develop refresher courses for senior staff. This ASAIII also support staff development by offering cross-training opportunities to help staff prepare for future career opportunities.
- **Improve Service Levels:** The Coordinators are currently responsible for training staff and managing the imaging workload. These tasks are equally important and time consuming. Having ASAIII develop and manage training programs will enable the Coordinator to focus on the imaging workload, manage staff performance, and complete other administrative tasks.

## B. Position Upgrade

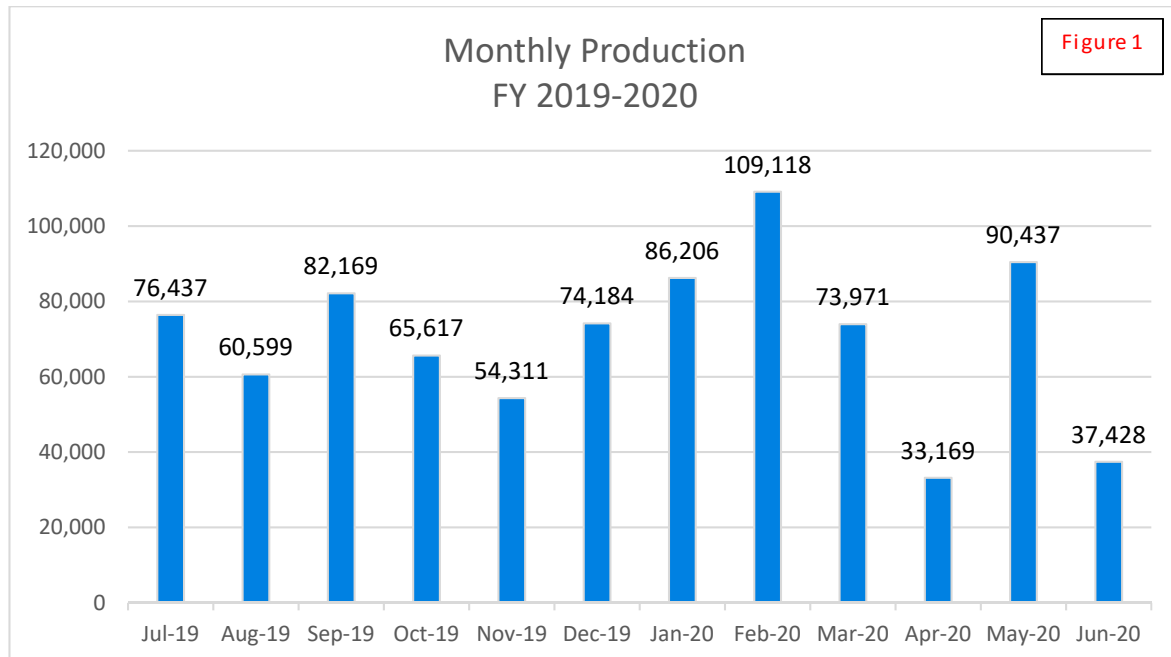
The budget request includes the deletion of one currently vacant Administrative Services Analyst I position and the addition of one Administrative Services Analyst II to better align staffing levels with the amount of complex work related to risk management, insurance, business continuity and contract management.

### Overtime

Overtime is necessary during periods of heightened activity related to budget preparation, renovation, special projects and for the Document Processing Center (DPC) staff during the “March Rush”. The majority of the overtime budget request is for the DPC as this unit is responsible for imaging (prepare, scan, and index) member and business records into LACERA’s member database (Workspace).

The DPC provides the following services; mail room, copy services, centralized scanning of business documents, management and distribution of E-enterprise checks, and manages the electronic deposit of checks made payable to LACERA.

The DPC is requesting to budget 200 hours of overtime for the Document Processing Coordinator position and 520 hours for the Document Processing Assistant position to support the annual spike in retirement applications and Medicare Part B Premium Verifications and 1099R mailings. During “March Madness” the DPC experiences a workload increase. See Figure 1.



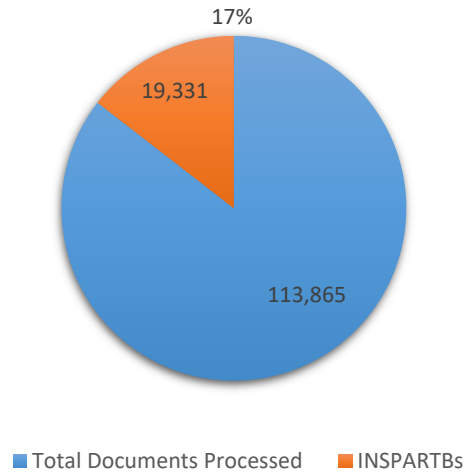
### Agency Temporary Request

We are requesting temporary staffing to assist with upcoming changes related to retirements and vacancies in the Budget and Procurement Units. To assist with the March Rush, the DPC is also requesting three full-time agency temporary personnel to work from January through April to assist with the timely processing of Medicare Part B Premium Verifications (INSPARTBs) and other less complex member document. The agency temporary employees will also assist with the return of member documents, J-letters, scanning, and act as back-ups for the mail room.

In 2020, the DPC processed 19,331 Medicare Part B Premium received by mail. That is equivalent to 17%\* of the DPC production for the months of December through March. See Figure 2.

## DPC PRODUCTION DEC. - MAR.

Figure 2



\*Total amount of scanned documents - 113,865

Part B Premium Verifications - 19,331

Figure 2 Calculate total percent increase of scanned documents  
(19,331/113,865 = .169 \*100 = 17%)

### **SERVICES AND SUPPLIES**

Most of the FY 2021-2022 Services and Supplies line items are similar to the prior year budget. Small changes attributable to vendor or overall supplier cost increases are included. Two significant changes are proposed for Rent and Renovation Projects as follows:

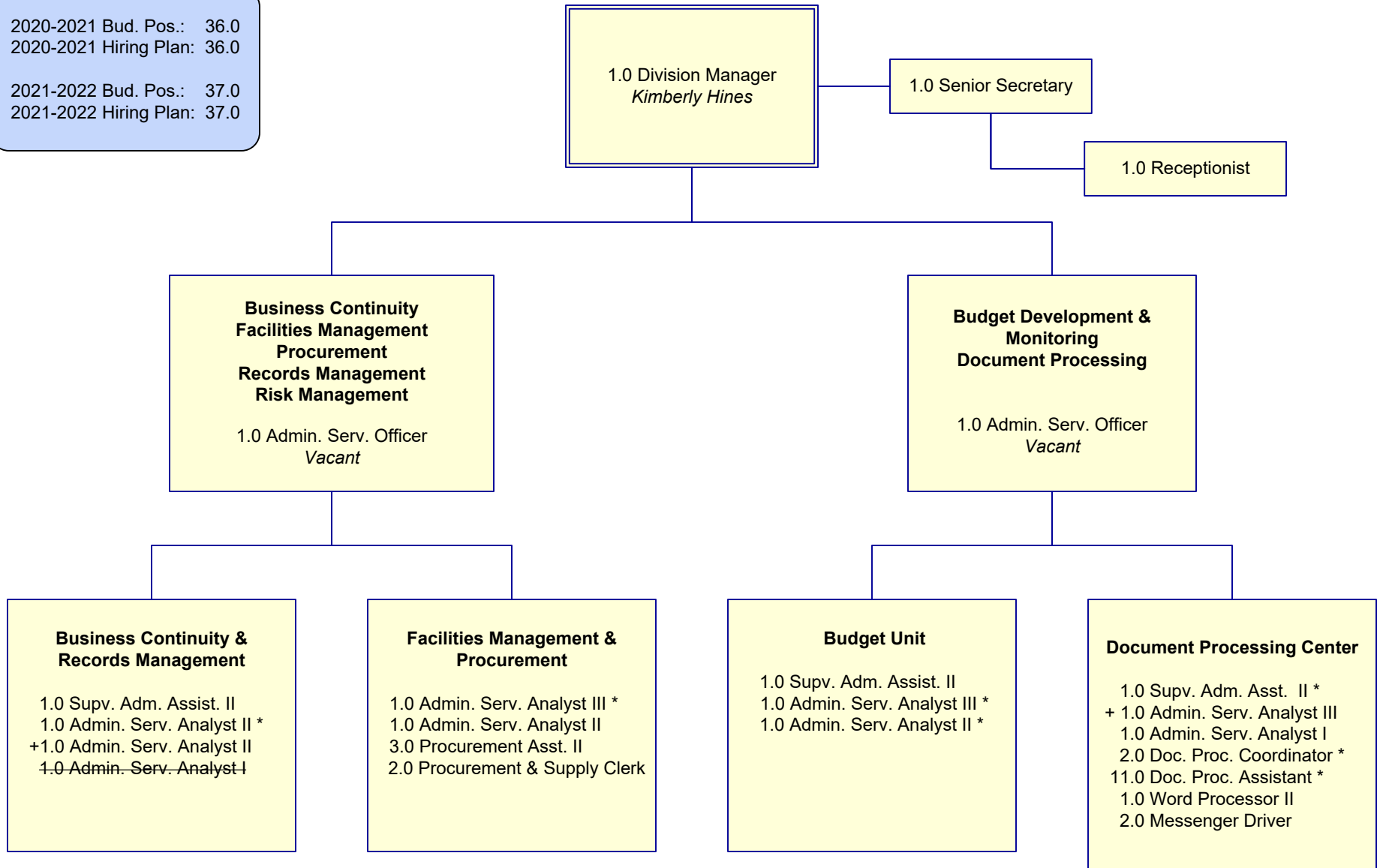
- \$3.5 million increase for rent and operating costs for the headquarters building not captured in prior year budgets. A new five-year lease for office space was effective on January 1, 2021.
- We request \$1.3 million to renovate office spaces. This amount is \$834,000 more than the prior year amount of \$466,000. We propose to renovate the Systems Division and the Financial & Accounting Services Division (FASD) during this fiscal year. These divisions were last renovated over 15 years ago. We estimate the Systems Division renovation cost at \$750,000 and FASD at \$350,000. An additional \$200,000 is included for unexpected renovations.

# ADMINISTRATIVE SERVICES DIVISION

## FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 36.0  
 2020-2021 Hiring Plan: 36.0

2021-2022 Bud. Pos.: 37.0  
 2021-2022 Hiring Plan: 37.0



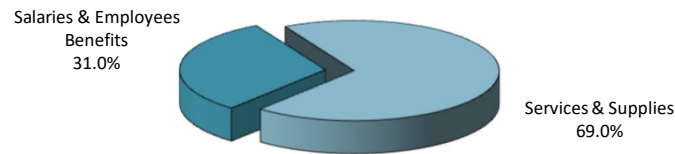
+ Added position  
 - Deleted position  
 \* Classification study for the position requested

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**ADMINISTRATIVE SERVICES DIVISION**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$4,326,334</b>	\$3,778,350	\$2,418,218	\$3,681,147	(\$97,203)	-2.6%	\$547,984	14.5%
<b>Services &amp; Supplies</b>	<b>9,619,700</b>	5,002,400	2,747,999	4,477,513	(524,887)	-10.5%	4,617,300	92.3%
<b>OPERATING BUDGET</b>	<b>\$13,946,034</b>	\$8,780,750	\$5,166,217	\$8,158,660	(\$622,090)	-7.1%	\$5,165,284	58.8%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$2,477,204</b>	\$2,040,210	\$1,352,392	\$2,020,982	(\$19,228)	-0.9%	\$436,994	21.4%
<b>Total Agency Temp Salaries</b>	<b>202,000</b>	305,200	151,165	280,200	(25,000)	-8.2%	(103,200)	-33.8%
<b>Employee Benefits (Variable)</b>	<b>1,362,204</b>	1,169,970	753,327	1,125,152	(44,818)	-3.8%	192,234	16.4%
<b>Employee Benefits (Other)</b>	<b>148,050</b>	144,716	102,118	143,270	(1,446)	-1.0%	3,334	2.3%
<b>OPEB Contribution</b>	<b>72,676</b>	60,355	45,985	63,913	3,558	5.9%	12,321	20.4%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>50,000</b>	43,700	10,521	43,700	0	0.0%	6,300	14.4%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>7,300</b>	7,300	1,837	1,837	(5,463)	-74.8%	0	0.0%
<b>Rideshare Allowance</b>	<b>6,900</b>	6,900	873	2,093	(4,807)	-69.7%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$4,326,334</b>	\$3,778,350	\$2,418,218	\$3,681,147	(\$97,203)	-2.6%	\$547,984	14.5%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$4,326,334</b>	\$3,778,350	\$2,418,218	\$3,681,147	(\$97,203)	-2.6%	\$547,984	14.5%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.



LACERA  
FISCAL YEAR 2021-2022  
SALARIES

ADMINISTRATIVE SERVICES DIVISION

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00773A	DIVISION MANAGER	1	LS12	15,510	186,117
00423A	SUPV. ADMINISTRATIVE ASST. II	2	106E	18,647	223,761
00421A	ADMINISTRATIVE SERVICES ANALYST III	1	97H	6,960	83,516
00420A	ADMINISTRATIVE SERVICES ANALYST II	3	93H	18,890	226,677
00439A	SENIOR SECRETARY	1	89G	7,151	85,810
00464A	PROCUREMENT ASSISTANT II	2	88A	11,630	139,560
00419A	ADMINISTRATIVE SERVICES ANALYST I	1	84D	5,114	61,370
00472A	DOCUMENT PROCESSING COORDINATOR	2	83G	10,878	130,540
00448A	WORD PROCESSOR II	1	82F	5,281	63,372
00471A	DOCUMENT PROCESSING ASSISTANT	9	80G	40,426	485,115
00466A	RECEPTIONIST	1	76C	3,891	46,693
00461A	MESSENGER DRIVER	2	74H	7,672	92,065

POSITIONS 26 1,824,595

VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00410A	ADMINISTRATIVE SERVICES OFFICER	2	LS9	8,498	101,973	101,973	76,480	
00423A	SUPV. ADMINISTRATIVE ASST. II	1	106E	7,494	89,930			44,965
00421A	ADMINISTRATIVE SERVICES ANALYST III	2	97H	5,915	70,978		53,233	35,489
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	93H	5,307	63,684		47,763	
00464A	PROCUREMENT ASSISTANT II	1	88A	4,554	54,648	54,648		
00419A	ADMINISTRATIVE SERVICES ANALYST I	1	84D	4,117	49,399	49,399		
00419A	ADMINISTRATIVE SERVICES ANALYST I	(1)	84D	4,117	49,399	(49,399)		
00471A	DOCUMENT PROCESSING ASSISTANT	2	80G	3,724	44,689		67,034	22,345
00467A	PROCUREMENT AND SUPPLY CLERK	2	81E	3,807	45,685	91,370		
						247,991	244,510	102,799

POSITIONS 11 595,300

TOTAL POSITIONS 37

GROSS SALARIES 2,419,895

ANTICIPATED MOU SALARY INCREASE \*\* 0

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 37,760

BONUS 19,549

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,477,204

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

LACERA

FISCAL YEAR 2021-2022

SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$111,500	\$12,500	\$3,532	\$5,456	(\$7,044)	-56.4%	\$99,000	792.0%
TRANSPORTATION & TRAVEL	8,000	6,300	0	0	(6,300)	-100.0%	1,700	27.0%
POSTAGE	301,400	301,400	151,310	151,310	(150,090)	-49.8%	0	0.0%
STATIONERY & FORMS	3,800	3,500	0	3,500	0	0.0%	300	8.6%
OFFICE SUPPLIES & EQUIPMENT	288,500	346,000	173,093	260,300	(85,700)	-24.8%	(57,500)	-16.6%
INSURANCE	911,600	748,300	750,948	750,947	2,647	0.4%	163,300	21.8%
EQUIPMENT MAINTENANCE	3,300	5,800	1,341	3,300	(2,500)	-43.1%	(2,500)	-43.1%
EQUIPMENT RENTS & LEASES	277,000	310,000	138,062	221,000	(89,000)	-28.7%	(33,000)	-10.6%
BUILDING COSTS	7,472,400	3,034,000	1,386,635	2,843,000	(191,000)	-6.3%	4,438,400	146.3%
PROFESSIONAL & SPEC. SRVCS.	221,000	213,000	135,335	225,500	12,500	5.9%	8,000	3.8%
EDUCATIONAL EXPENSES	7,700	6,600	988	3,700	(2,900)	-43.9%	1,100	16.7%
MISCELLANEOUS	13,500	15,000	6,754	9,500	(5,500)	-36.7%	(1,500)	-10.0%
TOTAL	\$9,619,700	\$5,002,400	\$2,747,999	\$4,477,513	(\$524,887)	-10.5%	\$4,617,300	92.3%

\*All amounts rounded to the nearest dollar.



### **Mission**

The Benefits Division lies at the core of LACERA’s mission to “produce, provide, and protect the promise benefit” through the collection of contributions and purchases, the payment of benefits, and the safeguarding of each member’s account. This mission is carried out in compliance with the County Employees Retirement Law of 1937, the Board of Retirement Regulations, and organizational policies.

### **INTRODUCTION**

The Benefits Division pursues the highest quality standards and most efficient processing of member requests through continuous process improvements within the division and in collaboration with its partner divisions throughout LACERA. This fiscal year, acute efforts were focused on the disruptions caused by the pandemic, which forced the division to find new and creative methods for performing work remotely; all while maintaining the highest level of accuracy, efficiency, and legal compliance. Most processes are now being successfully performed remotely. Even as we continue to get the Pandemic under control and we begin to prepare to return to work, we continue to focus on developing solutions to convert the remaining in-office processes to be performed remotely, as well. This preparation will help ensure that we are ready for any future work disruptions that may occur. These remaining processes include the Agency Check Reconciliation, IRIS Check Manager, Death, and Legal processes.

In addition, the Benefits Division has been working closely to develop a metrics program to gain greater insight into the transactions we process for members and how we process those transactions. These metrics will help us make better workforce management decisions and provide us with additional insight into areas that need improvement and innovation.

## **STAFFING**

<b>No. of Positions</b>	<b>Title of Requested Position</b>	<b>Section/Unit</b>
1	Retirement Benefit Specialist III	Benefits Protection Unit
1	Retirement Benefit Specialist III	Account Settlement Unit
1	Retirement Benefit Specialist III	Legal/Death Unit
1	Retirement Benefit Specialist III	Advance Payroll Unit
3	Retirement Benefit Specialist II	Account Settlement Unit

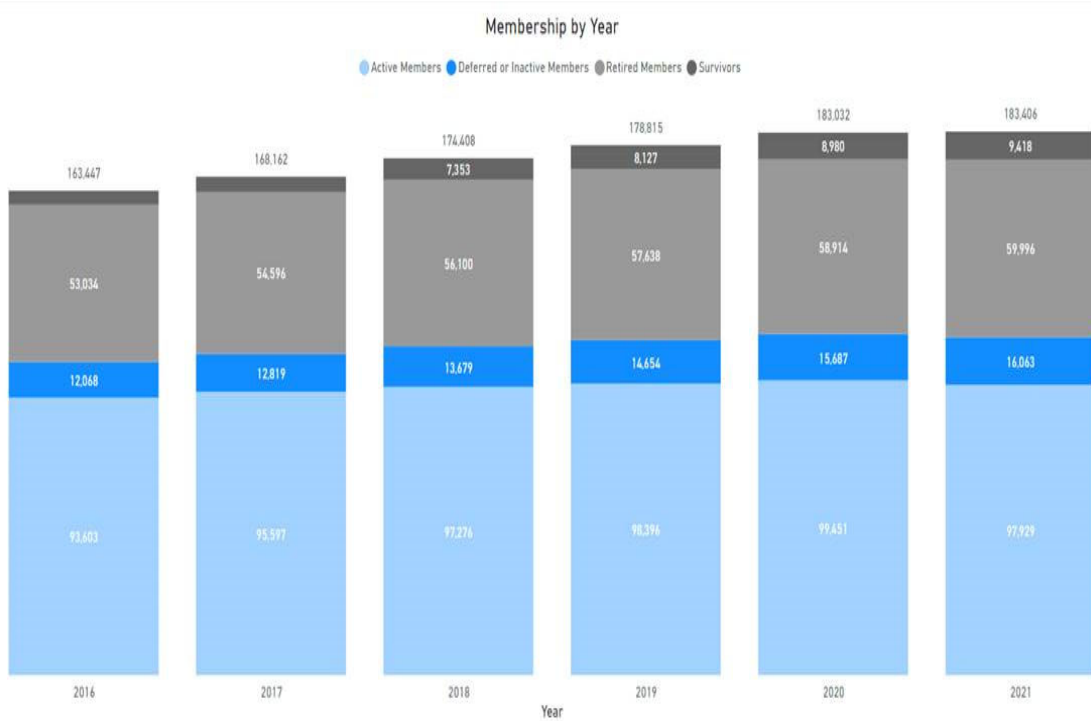
The Benefits Division is requesting seven new positions to fill critical needs in several units experiencing increasing workloads and service delays.

Over the last three years the Benefits Division, in partnership with the Executive Office and Systems worked to develop metrics to help management understand workload, staff capabilities, and resources needed to address increasing delays and backlogs in processing member requests.

The Benefits Division has noted two trends that have impacted our ability to meet our service commitments to members.

### **Growth in LACERA membership**

Between 2016 and 2020 LACERA has experienced a net growth of 5,848 Active members; an average growth of 2 percent per year (we excluded 2021 because it was not a full year). During the same time frame, we had an overall net membership growth of over 19,500 in total (an average of 3 percent per year). Two areas of growth are particularly important to the discussion of resources in the Benefits Division: growth in Active and Retired members.



As indicated above, we have seen growth in overall retired membership. The following chart provides some insight into the increase in retirement on a year-to-year basis.

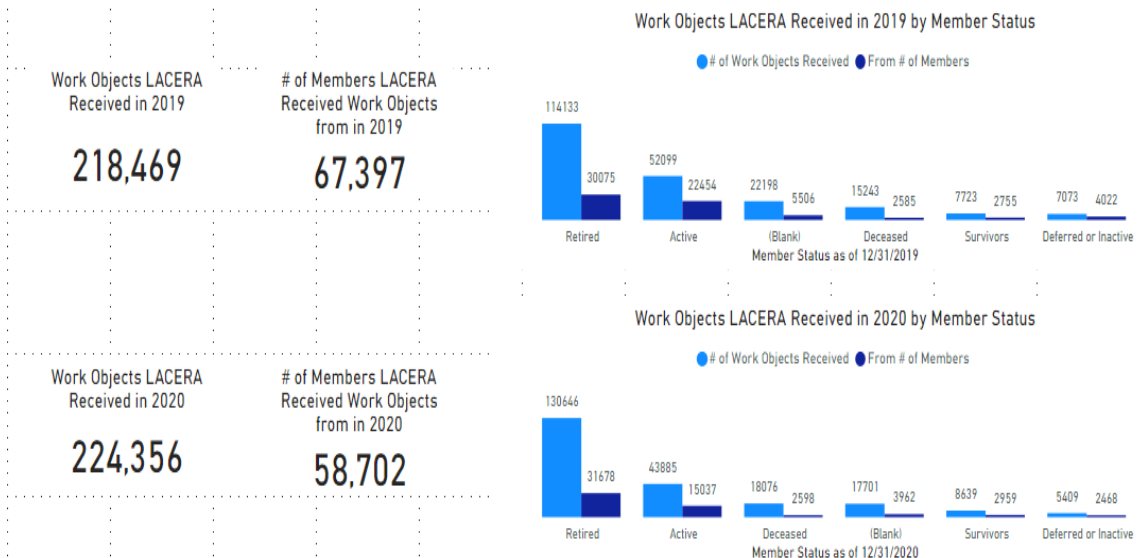


Growth in these two areas have the most impact on the volume of transactions we process as the Active member's drive most transactions, especially as they near retirement.

### Increase in Member Transactions

The second trend noted is a year-to-year increase in member transactions. Due to changes in how LACERA stores historical data, we do not have metrics prior to

2018 in this area. However, over the last three years, member transactions have steadily increased year over year. The two charts below show the number of transactions per unique members for 2019 and 2020. The average increase in transactions over this two-year period is 2 percent.



\*The category labeled “blank” is a data anomaly for a small group of members who do not have a status listed. Systems is researching these members.

### Dealing with the Impacts of Membership Growth

As membership grows, so does the workload our member facing units must address. Each of the units discussed below have witnessed an increase in member requests and corresponding increases in backlogs impacting the level of service we are able to provide to our members.

To address the increasing membership and complexity of member transactions, we continuously review our processing methods, business rules, and system resources to stay ahead of this trend without sacrificing quality or compliance. Through continual innovation we streamline processes where possible. We also continually work with Systems to automate or partially automate processes wherever we can.

However, while improvements and innovation are continuous, the results are not keeping pace with increasing membership and transactions. As a result, management has determined that additional staffing is needed, to meet our current service commitments to members.

### Account Settlements Unit (ASU)

The ASU takes appropriate action to resolve account imbalances and outstanding payables or receivables. A continual increase in thoroughness in reviewing accounts reveals that data provided to the payroll system does not consistently

collect contributions from retroactive salary adjustments. The number of transactions currently outpaces the resources available in ASU. We have been in contact with the County to work toward a solution to improve collection processes.

Improved processes and procedures during certain points in a member's lifetime have led to increased identification of these systematic errors. Currently we have a backlog of over 5,000 work objects created by staff who have identified discrepancies. Additional reports exist that we are reviewing with even more discrepancies and both sources add transactions every pay period. Data analytics indicates it takes staff one hour and 40 minutes to process each of these work objects.

We are requesting three Retirement Benefit Specialist II positions and one Retirement Benefit Specialist III position (for more complex cases) to keep up with the additional workload and to begin reducing the backlog. Once the backlog has been reduced, the additional staff will allow the division to reduce the amount of overtime it has been using due to increased workloads throughout the division.

### **Benefit Protection Unit (BPU)**

The BPU protects our members and LACERA from losses to the fund that could result from member identity theft, fraud, or lost contact with members. Since its inception in 2015, its efforts have revealed a growing need to expand this type of service. The workload continues to increase as we find additional areas where BPU has added value toward protecting members and beneficiaries. A Retirement Benefit Specialist III is being requested for BPU.

### **Advanced Payroll Unit (APU)**

The Advanced Payroll Unit (APU) processes complex retiree processes including disability agenda processing, complex agenda processing, payroll corrections, and complex retiree payroll issues. The volume and complexity of transactions has steadily increased due to transactions related to Final Average Compensation (FAC), disability payroll transition, and reciprocal disabilities cases, among others. Such cases require more thorough analysis to process complex agenda cases.

Therefore, we are requesting one Retirement Benefit Specialist III for APU due to an increase in workload and its complexity. This request is not a result of PEPR, but as a result of the other transactions described above.

### **Death and Legal Unit (DLU)**

This DLU processes death-related transactions, as well as subpoena responses of member records, legal splits, tax levies, and spousal and child support orders. The volume of transactions has steadily risen over the years and legal splits have become more complex and time-consuming to process. One Retirement Benefit Specialist III is being requested for DLU.

### **OVERTIME**

Benefits has relied on the use of overtime to supplement its regular production strategies and to help limit the increase in lengthening service levels. Disruptions due to the pandemic have increased service levels. As in the past, overtime is

being requested to manage the workload imbalances related to the annual March Rush and interruptions in work production due to the pandemic. To reduce service levels, we have increased our overtime request but will continue to seek improvements in efficiency and automation of our work.

**SERVICES AND SUPPLIES**

The following line items will be continued at their reduced levels because of the pandemic:

- Transportation and Travel
- Office Supplies and Equipment
- Educational Expenses

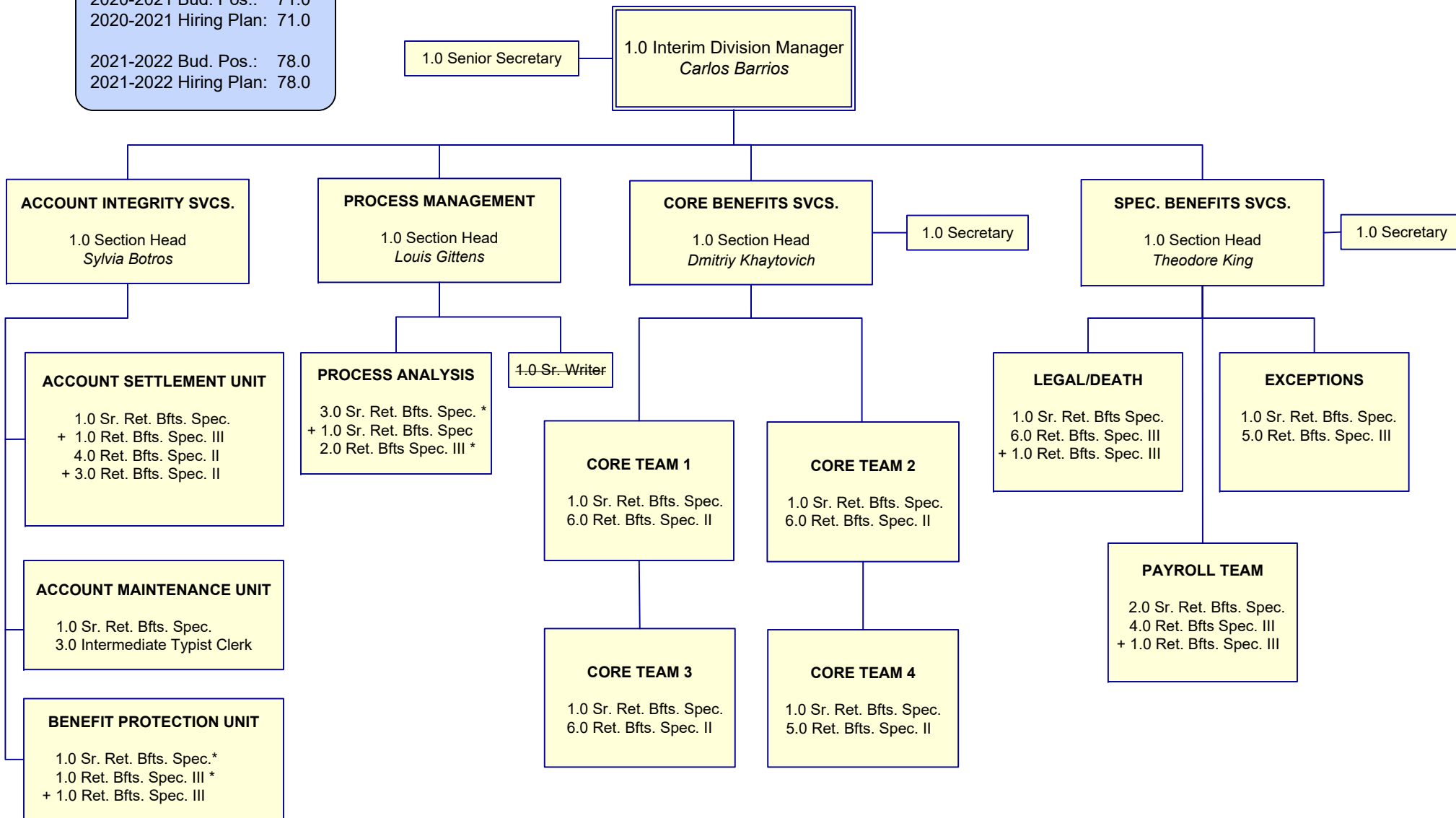


# BENEFITS DIVISION

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 71.0  
2020-2021 Hiring Plan: 71.0

2021-2022 Bud. Pos.: 78.0  
2021-2022 Hiring Plan: 78.0



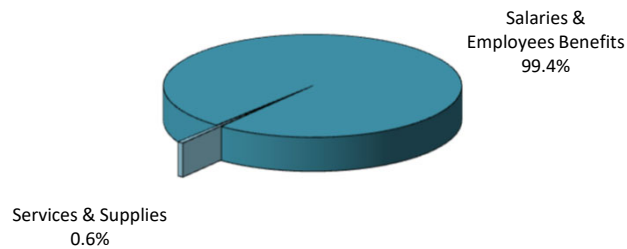
- + Added positions
- Deleted position
- \* Classification study for the position requested

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**BENEFITS DIVISION**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$11,285,046</b>	\$10,241,148	\$6,762,985	\$10,135,851	(\$105,297)	-1.0%	\$1,043,898	10.2%
<b>Services &amp; Supplies</b>	<b>72,000</b>	65,400	28,634	41,100	(24,300)	-37.2%	6,600	10.1%
<b>OPERATING BUDGET</b>	<b>\$11,357,046</b>	\$10,306,548	\$6,791,619	\$10,176,951	(\$129,597)	-1.3%	\$1,050,498	10.2%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**BENEFITS DIVISION**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>BUDGET</b>	<b>YTD</b>		<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
			<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$6,264,311</b>	\$5,916,222	\$4,064,823	\$6,019,476	\$103,254	1.7%	\$348,089	5.9%
<b>Total Agency Temp Salaries</b>	<b>71,900</b>	47,700	30,595	47,700	0	0.0%	24,200	50.7%
<b>Employee Benefits (Variable)</b>	<b>3,961,966</b>	3,359,026	2,032,300	3,162,211	(196,815)	-5.9%	602,940	17.9%
<b>Employee Benefits (Other)</b>	<b>374,387</b>	364,063	255,682	360,422	(3,641)	-1.0%	10,324	2.8%
<b>OPEB Contribution</b>	<b>183,782</b>	151,837	133,548	185,664	33,827	22.3%	31,945	21.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>398,000</b>	371,600	227,158	340,800	(30,800)	-8.3%	26,400	7.1%
<b>Bilingual Bonus</b>	<b>2,400</b>	2,400	1,700	2,400	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	16,938	16,938	4,938	41.2%	0	0.0%
<b>Rideshare Allowance</b>	<b>16,300</b>	16,300	240	240	(16,060)	-98.5%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$11,285,046</b>	\$10,241,148	\$6,762,985	\$10,135,851	(\$105,297)	-1.0%	\$1,043,898	10.2%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$11,285,046</b>	\$10,241,148	\$6,762,985	\$10,135,851	(\$105,297)	-1.0%	\$1,043,898	10.2%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

BENEFITS DIVISION

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00773A	DIVISION MANAGER	1	LS12	11,939	143,272			
00772A	SECTION HEAD, LACERA	4	LS9	41,500	498,004			
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	13	101F	111,404	1,336,846			
01311A	RETIREMENT BENEFITS SPECIALIST III	16	96A	118,010	1,416,120			
00439A	SENIOR SECRETARY	1	89G	6,229	74,750			
01310A	RETIREMENT BENEFITS SPECIALIST II	27	89F	159,791	1,917,494			
00438A	SECRETARY	2	83D	11,094	133,132			
00445A	INTERMEDIATE TYPIST-CLERK	3	75C	11,485	137,825			
<b>POSITIONS</b>		<b>67</b>			<b>5,657,443</b>			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00784A	SENIOR WRITER	(1)	105D	7,275	87,303	(87,303)		
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	2	101F	6,560	78,719	157,438		
01311A	RETIREMENT BENEFITS SPECIALIST III	6	96A	5,657	67,884			203,652
01310A	RETIREMENT BENEFITS SPECIALIST II	3	89F	4,738	56,852	170,555		
						<b>240,690</b>	<b>0</b>	<b>203,652</b>
<b>POSITIONS</b>		<b>11</b>			<b>444,342</b>			
<b>TOTAL POSITIONS</b>		<b>78</b>						
<b>GROSS SALARIES</b>					<b>6,101,785</b>			
<b>ANTICIPATED MOU SALARY INCREASE**</b>					<b>0</b>			
<b>ANTICIPATED STEP AND/OR MERIT SALARY INCREASE</b>					<b>56,085</b>			
<b>BONUS</b>					<b>65,504</b>			
<b>120-DAY RETIREE(S)</b>		<b>1</b>			<b>40,938</b>			
<b>TOTAL SALARIES</b>					<b>6,264,311</b>			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**BENEFITS DIVISION**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$6,500</b>	\$4,500	\$0	\$0	(\$4,500)	-100.0%	\$2,000	44.4%
OFFICE SUPPLIES & EQUIPMENT	<b>3,400</b>	3,700	779	1,500	(2,200)	-59.5%	(300)	-8.1%
PROFESSIONAL & SPEC. SRVCS.	<b>46,000</b>	40,000	26,150	35,500	(4,500)	-11.3%	6,000	15.0%
EDUCATIONAL EXPENSES	<b>14,600</b>	15,700	1,705	3,800	(11,900)	-75.8%	(1,100)	-7.0%
MISCELLANEOUS	<b>1,500</b>	1,500	0	300	(1,200)	-80.0%	0	0.0%
TOTAL	<b>\$72,000</b>	<b>\$65,400</b>	<b>\$28,634</b>	<b>\$41,100</b>	<b>(\$24,300)</b>	<b>-37.2%</b>	<b>\$6,600</b>	<b>10.1%</b>

\*All amounts rounded to the nearest dollar.



**Mission**

Our mission is to provide a full range of professional in-house communications services and create essential retirement information for LACERA members.

**INTRODUCTION**

Communications services include creative visioning, project management, public relations and strategic marketing, graphic design, photography, writing and editing, and video production. We create print materials, videos, and web design and content across our four websites (lacera.com, Intranet, HR Pros, and Board Resources).

**ANNUAL PROJECTS**

Following are some of Communications Division’s regular projects throughout the year.

- Quarterly *PostScript* and *Spotlight* newsletters
- Themed Comprehensive Annual Financial Report, Popular Annual Financial Report, and Who We Are brochure
- Retirement Law Book
- Cost-of-living inserts
- Collateral for annual events such as the Take Our Daughters and Sons to Work Day, Employee Wellness Fair, and Forum
- Retiree Healthcare annual mailings
- Budget binders
- HR conference coordination and collateral
- Retiree payday, board, and staff calendars

- Executive Office communications support: copywriting for CEO member and staff messages, SACRS and RELAC articles
- Web content creation and maintenance

## **2021 ACCOMPLISHMENTS AND ONGOING PROJECTS**

This year, Communications Division completed its regular projects on deadline, even with most staff members working remotely from home due to safer-at-home restrictions during the COVID-19 pandemic. In addition, staff members continued to move ongoing priority projects forward to help achieve the Boards' outlined strategic goals:

- **Redesign of LACERA.com:** Production of the redesign carried over from 2019, with most of the focus in 2020 consisting of copywriting and approval, web design, content management system selection and implementation, and website development. *In progress.*
  - **Redesign of the Annual Retirement Benefits Statement** also carried over from 2019. Working with Systems Division, Communications has expanded the statement to include new, customized information fields from the member database. *In progress.*
  - **Redesign of the Retirement Summary and Application Form** (formerly the Retirement Benefits Estimate), with an expanded dynamic (member-specific) form design. *In progress.*
  - **Plan Book updates.** In coordination with the LACERA.com redesign, member plan books require updates. Plan books should be the definitive source for member information. *In progress.*
  - **Development of a Social Media strategy and policy.** *Pending review and approval.*
  - **Redesign of the *Pre-Retirement Guide*,** in coordination with multiple internal stakeholders and subject matter experts. *Pending approval.*
  - **Quality Assurance and Metrics e-learning video modules.** *In progress.*
- Campaigns** for LACERA ID, Return to Work, SMS, Opt-out, My LACERA, Direct Deposit, and Update Your Beneficiary. *In progress.*

## **STAFFING**

After a period of growth between 2017 and 2019, in which seven permanent employees were hired, Communications Division staffing has mostly stabilized. Collaboration and efficiency have increased as staff members have been assigned specific ongoing projects, basically becoming specialists in their respective duties.

In 2020, we received approval to create a Public Information Officer position to meet increased media requests and required communications to the public. Recruitment is underway.

The Web Support Technician position has been filled as of March 2021.

Open budgeted positions to be filled in 2021 are one Senior Writer and one Media Artist.

We are asking for a classification study for two Senior Media Artist positions as we continue to elevate our graphic design standards as well as prepare to rebrand LACERA as part of our Communications plan and vision. If the positions are approved by LACERA's Executive Office and Boards and the Board of Supervisors, two current Media Artist positions would be converted to Senior Media Artist positions. The resulting structure would balance the production teams to include a Senior Media Artist and Senior Writer on each team.

## **GOALS**

FY 2021-2022 promises to be a time of continued positive change, growth, and evolution. We are committed to meeting the annual and day-to-day needs of LACERA's various divisions to better serve our members.

### **Specific Short-Term Goals:**

- Professional development of staff in the areas of team building and collaboration, as well as active participation in professional associations
- Create a virtual HR Pros conference to accommodate COVID-19 restrictions for 2021. The goal for future conferences is to move to an offsite location to accommodate demand, and hold the event on one day instead of three.

### **Long-Term Goals:**

- Establish and maintain a cohesive look for all print and digital materials and member communications, including a full rebranding of LACERA collateral
- Automate our project request and tracking process through an online platform, to boost efficiency and provide convenience for internal clients
- Increased video production for internal and member-facing communications
- Increased use of technological tools and online platforms

### **Goals Relating to the Communications Plan:**

Communications Division has created a Communications Plan, which is pending presentation and approval by the Executive Office and Boards.

*New Line Items:* For 2021, under Professional and Specialized Services, Communications added a line item for campaigns currently in development, as well as seed money for our long-term rebranding project.

*Anticipated Needs:* Once we have received feedback and direction from the Executive Office and Boards, we anticipate needing additional resources to move forward with



approved strategic initiatives proposed in the plan. We also expect various divisions will need communications support with special projects, and will be expanding our use of technology to meet members' expectations for service and interactivity.

### **SERVICES AND SUPPLIES**

Each of the Communications Division's line items was carefully reviewed. Those not already addressed or having accompanying notes in the budget request are explained below:

- A one-time request for Mac equipment is requested to accommodate new hires.

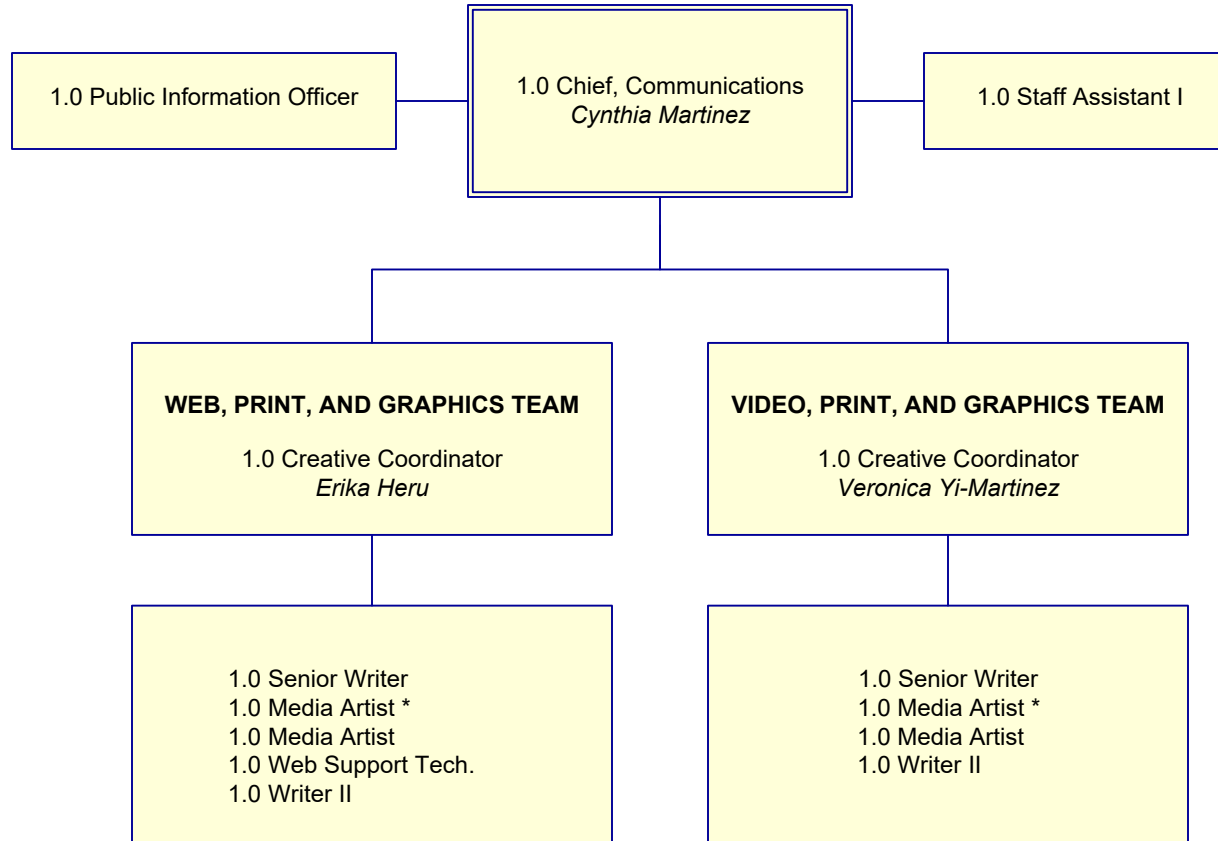
Thank you for your continued confidence in and support of the Communications Division.

2020-2021 Bud. Pos.: 14.0  
2020-2021 Hiring Plan: 14.0

2021-2022 Bud. Pos.: 14.0  
2021-2022 Hiring Plan: 14.0

# COMMUNICATIONS

## FISCAL YEAR 2021-2022



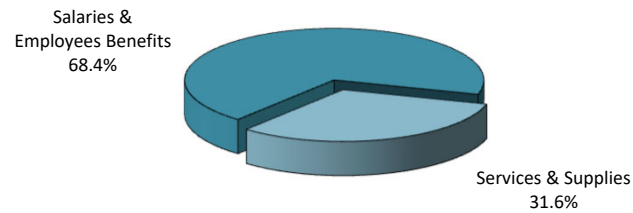
\* Classification study for the position requested. (Position upgrade from Media Artist to Sr. Media Artist is pending Board approval)

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**COMMUNICATIONS**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$2,253,791</b>	\$1,867,768	\$1,116,128	\$1,731,580	(\$136,188)	-7.3%	\$386,023	20.7%
<b>Services &amp; Supplies</b>	<b>1,041,500</b>	1,006,100	614,899	894,468	(111,632)	-11.1%	35,400	3.5%
<b>OPERATING BUDGET</b>	<b>\$3,295,291</b>	\$2,873,868	\$1,731,027	\$2,626,048	(\$247,820)	-8.6%	\$421,423	14.7%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES & EMPLOYEE BENEFITS SUMMARY**

**COMMUNICATIONS**

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$1,290,318	\$1,055,333	\$637,806	\$1,012,128	(\$43,205)	-4.1%	\$234,985	22.3%
Total Agency Temp Salaries	79,600	135,700	71,570	71,570	(64,130)	-47.3%	(56,100)	-41.3%
LACERA Intern Program	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	760,302	558,683	328,177	536,656	(22,027)	-3.9%	201,619	36.1%
Employee Benefits (Other)	77,116	77,804	54,257	77,026	(778)	-1.0%	(688)	-0.9%
OPEB Contribution	37,855	32,449	20,825	29,200	(3,249)	-10.0%	5,406	16.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	4,100	3,300	3,492	5,000	1,700	51.5%	800	24.3%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	0	0	(3,500)	-100.0%	0	0.0%
Rideshare Allowance	1,000	1,000	0	0	(1,000)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,253,791</b>	<b>\$1,867,768</b>	<b>\$1,116,128</b>	<b>\$1,731,580</b>	<b>(\$136,188)</b>	<b>-7.3%</b>	<b>\$386,023</b>	<b>20.7%</b>
Salary Differential	-	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$2,253,791</b>	<b>\$1,867,768</b>	<b>\$1,116,128</b>	<b>\$1,731,580</b>	<b>(\$136,188)</b>	<b>-7.3%</b>	<b>\$386,023</b>	<b>20.7%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

COMMUNICATIONS

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00794A	CHIEF, COMMUNICATIONS	1	LS10	12,835	154,018			
00779A	CREATIVE COORDINATOR	2	107E	18,122	217,460			
00784A	SENIOR WRITER	1	105D	8,561	102,730			
00789A	MEDIA ARTIST	2	99H	16,172	194,065			
00787A	WEB SUPPORT TECHNICIAN	1	95K	5,630	67,555			
00786A	WRITER II	2	95K	11,888	142,654			
00426A	STAFF ASSISTANT I	1	85E	4,726	56,711			
POSITIONS		10			935,192			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00784A	SENIOR WRITER	1	105D	7,275	87,303	87,303		
00465A	PUBLIC INFORMATION OFFICER	1	104C	7,063	84,757	84,757		
00789A	MEDIA ARTIST	2	99H	6,245	74,935	149,869		
						321,930	0	0
POSITIONS		4			321,930			
TOTAL POSITIONS		14						
GROSS SALARIES					1,257,122			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					33,196			
BONUS					0			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					1,290,318			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES AND SUPPLIES**

**COMMUNICATIONS**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$7,500</b>	\$2,000	\$0	\$0	(\$2,000)	-100.0%	\$5,500	275.0%
POSTAGE	<b>300,000</b>	300,000	165,985	280,000	(20,000)	-6.7%	0	0.0%
STATIONERY & FORMS	<b>641,500</b>	636,600	410,114	565,268	(71,332)	-11.2%	4,900	0.8%
OFFICE SUPPLIES & EQUIPMENT	<b>5,000</b>	8,000	1,940	2,500	(5,500)	-68.8%	(3,000)	-37.5%
PROFESSIONAL & SPEC. SRVCS.	<b>62,000</b>	32,000	25,087	30,000	(2,000)	-6.3%	30,000	93.8%
COMPUTER SERVICES & SUPPORT	<b>14,500</b>	16,500	8,249	11,700	(4,800)	-29.1%	(2,000)	-12.1%
EDUCATIONAL EXPENSES	<b>10,400</b>	10,400	3,321	4,700	(5,700)	-54.8%	0	0.0%
MISCELLANEOUS	<b>600</b>	600	203	300	(300)	-50.0%	0	0.0%
TOTAL	<b>\$1,041,500</b>	<b>\$1,006,100</b>	<b>\$614,899</b>	<b>\$894,468</b>	<b>(\$111,632)</b>	<b>-11.1%</b>	<b>\$35,400</b>	<b>3.5%</b>

\*All amounts rounded to the nearest dollar.



## **Mission**

Our mission is to provide timely and effective legal representation to LACERA in disability retirement and service-connected survivor's benefit appeals. The goal of the Disability Litigation Office is to achieve impartial justice based on the facts and the law.

## **INTRODUCTION**

The Disability Litigation Office (DLO) is a legal unit at LACERA that is separate from and independent of the Legal Office. The Chief Counsel, Disability Litigation, reports directly to the Chief Executive Officer. Established in 1996, the Disability Litigation Office has a staff of four attorneys and three secretaries. Our mission is to provide LACERA with legal representation for disability retirement and service-connected survivor's benefit appeals at the administrative level.

## **DIVISION UPDATE**

Despite the challenges presented in 2020 by the unprecedented lockdowns from COVID-19, the DLO continued to maintain a high level of performance and productivity. The DLO was able to successfully conduct a majority of its operation remotely, as a result of newly provided equipment and software applications. Our attorneys were also able to successfully hold hybrid hearings, where participants were both onsite and offsite, with the advent of new technology. The DLO, along with its business partners, continues to research and refine its ability to hold hearings remotely wherever possible, to keep all participants safe. The current remote capabilities have allowed the DLO to maintain a minimum level of staff onsite at any given time.

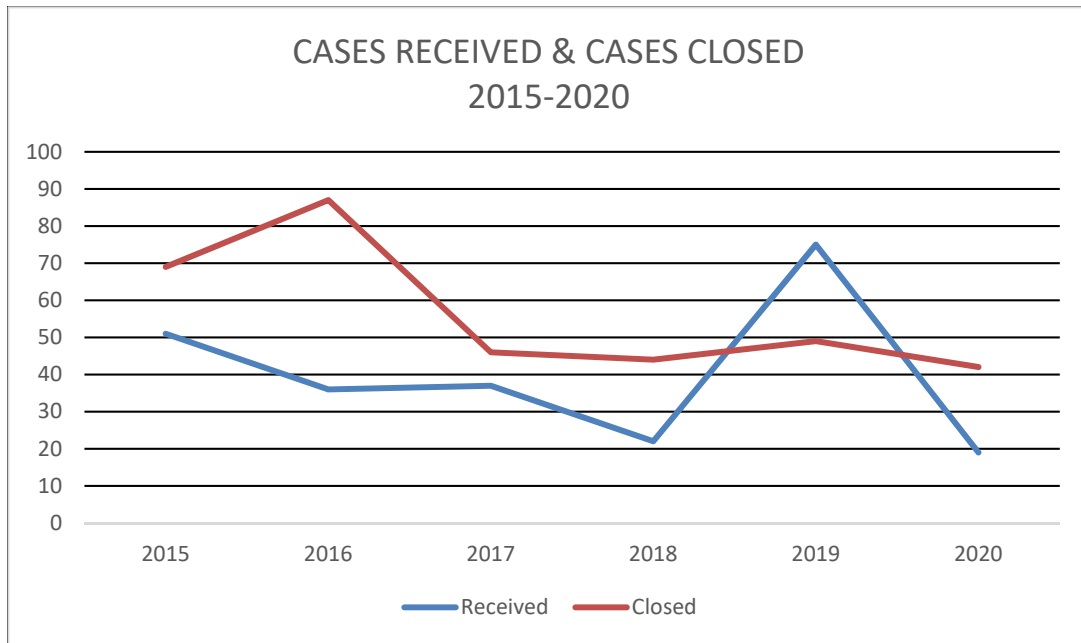
However, the DLO's biggest challenge is that its operation is still primarily paper-based, which requires the DLO staff to be onsite periodically to handle mail and other paperwork. While the DLO staff is taking initiative to move more of its

operation to be electronic, much depends on the technical capabilities of our third-party participants, such as pro per applicants, referees, and applicant attorneys. The DLO staff continues to look for ways to help and encourage our third-party participants to use technology to reduce our need for paper and in-person appearances, while maintaining the same level of productivity on our cases.

### **INVENTORY OF CASES**

The DLO has 93 active cases as of January 14, 2021. The average age of these active cases is two years and 26 days. Keep in mind that under Rule 32 of the Board's *Procedures for Disability Retirement Hearings*, applicants must bring their cases to hearing within three years from the date of the notification of the assignment of the referee. Cases do not move forward until the Applicant files a prehearing statement.

The number of cases received has fluctuated over the years, and the number of cases closed has remained steady over the last several years as demonstrated by the graph:



There was a spike in the number of cases received from 2018 to 2019 because of the influx of the Earlier Effective Date correction appeals. This temporary upward trend for Earlier Effective Date cases did not continue because the deadline for applicants to file for the correction appeal expired on December 31, 2019.



Based on the statistics from the last five years, the DLO anticipates it will receive approximately 28 regular<sup>1</sup> cases in 2021.

In terms of how quickly a case is litigated, the average lifespan for all cases that were closed from 2010 to 2020 was 2 years, 7 months, and 8 days.

## **STAFFING**

There are currently seven budgeted full-time positions. No additional staff positions are being requested at this time.

## **SERVICES AND SUPPLIES**

The DLO budget request for services and supplies is slightly increased from the prior year for purposes of staff development and succession planning. We are requesting funding for a Senior Staff Counsel to attend a certificate program with Harvard Business School Online. The choices include Management Essentials, an 8-week program that concentrates on decision-making; implementation, organizational learning, and change management (\$1,600); Strategy Execution, a 6-week program that teaches the tools, skills, and frameworks to successfully implement strategy within your organization (\$1,750); and Leadership Principles, a 6-week course geared towards bringing out the best in others by applying and adapting your leadership style and managing the conditions that drive team performance (\$1,750). We will send one Senior Staff Counsel to one of these programs in fiscal year 2021-2022.

We are also requesting a slight increase in travel and transportation funds to adjust for cancelled educational events due to COVID-19.

## **FUTURE**

The DLO looks forward to working with its internal business partners in moving towards a fully electronic operation, including mail and electronic filings. The DLO attorneys has already had success in conducting some hearings entirely remotely through Microsoft Teams and other technology.

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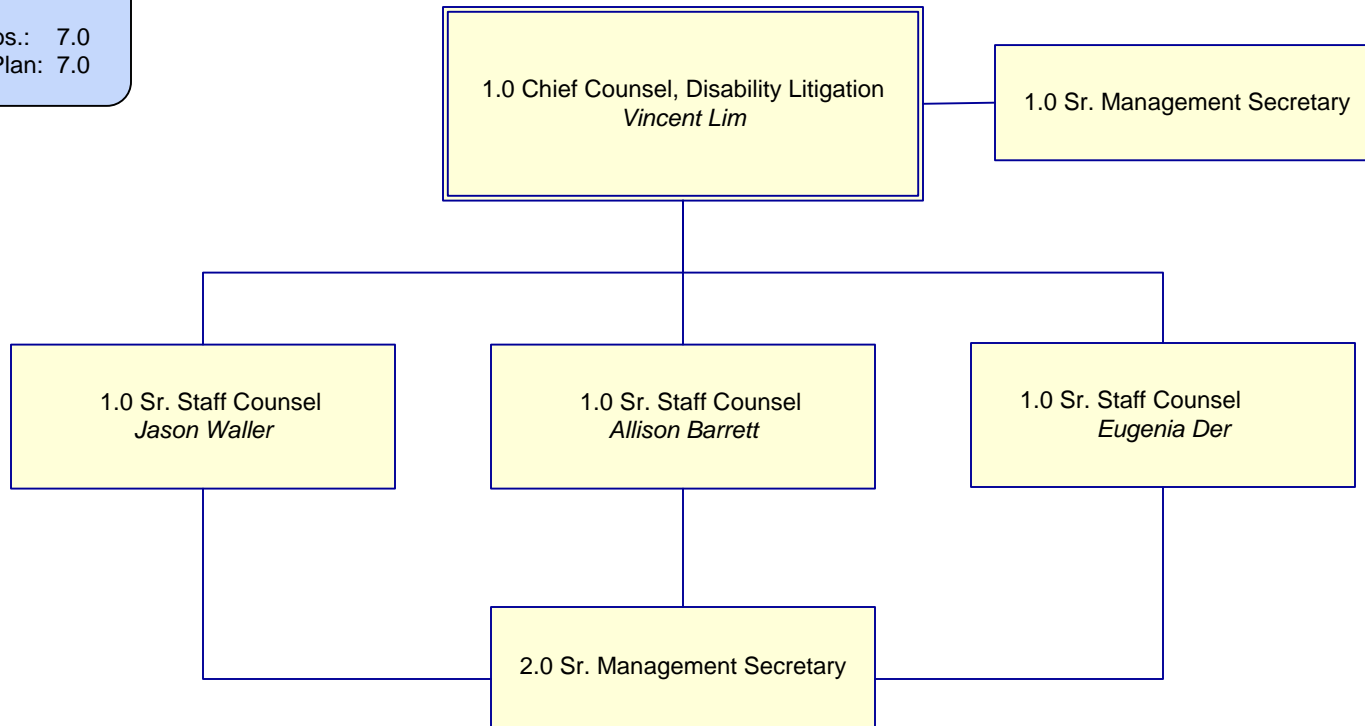
<sup>1</sup>Regular cases are cases that are not Earlier Effective Date correction appeals.

# DISABILITY LITIGATION

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 7.0  
2020-2021 Hiring Plan: 7.0

2021-2022 Bud. Pos.: 7.0  
2021-2022 Hiring Plan: 7.0

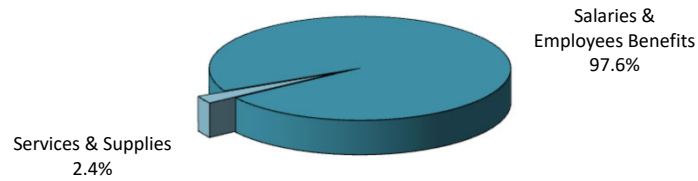


**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**DISABILITY LITIGATION**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$2,141,130	\$2,035,878	\$1,393,776	\$2,035,379	(\$499)	-0.02%	\$105,252	5.2%
Services & Supplies	52,500	42,600	25,093	33,500	(9,100)	-21.4%	9,900	23.2%
<b>OPERATING BUDGET</b>	<b>\$2,193,630</b>	<b>\$2,078,478</b>	<b>\$1,418,868</b>	<b>\$2,068,879</b>	<b>(\$9,599)</b>	<b>-0.5%</b>	<b>\$115,152</b>	<b>5.5%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$1,294,960</b>	\$1,256,001	\$867,816	\$1,255,500	(\$501)	0.0%	\$38,959	3.1%
<b>Total Agency Temp Salaries</b>	<b>0</b>	8,700	0	0	(8,700)	-100.0%	(8,700)	-100.0%
<b>Employee Benefits (Variable)</b>	<b>729,886</b>	660,752	445,473	668,514	7,762	1.2%	69,134	10.5%
<b>Employee Benefits (Other)</b>	<b>77,393</b>	77,290	53,899	76,517	(773)	-1.0%	103	0.1%
<b>OPEB Contribution</b>	<b>37,991</b>	32,235	26,588	34,848	2,613	8.1%	5,756	17.9%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>900</b>	900	0	0	(900)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,141,130</b>	\$2,035,878	\$1,393,776	\$2,035,379	(\$499)	-0.02%	\$105,252	5.2%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$2,141,130</b>	\$2,035,878	\$1,393,776	\$2,035,379	(\$499)	-0.02%	\$105,252	5.2%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

DISABILITY LITIGATION

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	LS18	23,936	287,234			
09213A	SENIOR STAFF COUNSEL	3	LS16	58,300	699,603			
00441A	SENIOR MANAGEMENT SECRETARY	3	97G	22,807	273,680			
	POSITIONS	<u>7</u>			<u>1,260,517</u>			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
	POSITIONS	<u>0</u>			<u>0</u>			
	TOTAL POSITIONS	7						
	GROSS SALARIES				<u>1,260,517</u>			
	ANTICIPATED MOU SALARY INCREASE**				<u>0</u>			
	ANTICIPATED STEP AND/OR MERIT SALARY INCREASE				<u>34,443</u>			
	BONUS				<u>0</u>			
	120-DAY RETIREE(S)				<u>0</u>			
	TOTAL SALARIES				<u>1,294,960</u>			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**DISABILITY LITIGATION**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	<b>\$3,000</b>	\$3,100	\$798	\$1,800	(\$1,300)	-41.9%	(\$100)	-3.2%
TRANSPORTATION & TRAVEL	<b>6,800</b>	4,500	0	0	(4,500)	-100.0%	2,300	51.1%
OFFICE SUPPLIES & EQUIPMENT	<b>1,500</b>	1,800	503	1,000	(800)	-44.4%	(300)	-16.7%
LEGAL FEES & SERVICES	<b>7,500</b>	10,500	3,976	5,600	(4,900)	-46.7%	(3,000)	-28.6%
EDUCATIONAL EXPENSES	<b>33,000</b>	22,000	19,816	25,100	3,100	14.1%	11,000	50.0%
MISCELLANEOUS	<b>700</b>	700	0	0	(700)	-100.0%	0	0.0%
TOTAL	<b>\$52,500</b>	<b>\$42,600</b>	<b>\$25,093</b>	<b>\$33,500</b>	<b>(\$9,100)</b>	<b>-21.4%</b>	<b>\$9,900</b>	<b>23.2%</b>

\*All amounts rounded to the nearest dollar.



## **Mission**

Our mission is to administer the LACERA Disability Retirement Program in an equitable, timely, accurate, and courteous manner consistent with applicable laws, policies, and procedures.

## **INTRODUCTION**

The Disability Retirement Services Division (DRS) is responsible for investigating and evaluating disability retirement applications submitted by active, retired, and deferred members of LACERA. Staff presents recommendations to the Board of Retirement, which is the governing board responsible for adjudicating each application. Staff also administers the disability appeals process in conjunction with Disability Litigation and serves as the official Custodian of Records for all disability retirement files.

Additionally, our division contracts for professional services for both the investigation and appeals processes, including panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.

## **INVENTORY OF CASES**

Disability Retirement Services currently has 689 pending cases. This number fluctuates regularly as applications are accepted, closed, and processed on a daily, weekly, and monthly basis.

Our current average monthly production is 45 cases to the Board of Retirement per month with an average processing time of 13.5 months. Our 3-year average annual production is 536 cases. Our goal remains to process an average of 50 cases monthly within 12 months or less.

DRS was not successful in achieving our stated goal this fiscal year due to COVID-19. Although our productivity has remained consistent, delays in timeliness and an increase in productivity were not realized as DRS management focused on moving operations from a paper driven process and in-office workforce to a virtual process and remote workforce with new tools, technology, processes, and procedures.

## **STAFFING**

There are currently 41 budgeted full-time positions in DRS. When fully staffed, our current case processing capacity per fiscal year is 660 cases. On average, DRS receives 600 cases per fiscal year. This has been consistent the last three fiscal years. DRS does not anticipate a significant increase or decrease for FY 2021-22.

### **Temp Agency**

Staff is requesting two agency-temporary administrative staff to support both our intake and all three investigative teams due to COVID-19 and recent process and procedure changes as well as the extended leave of one of our Senior Typist Clerks in FY 2021-22.

### **Classification Study**

The Board approved a classification study of the Disability Retirement Specialist Supervisor position for FY 2020-2021 as the role and responsibilities of the supervisor position in Disability Retirement Services had substantially increased over the years. However, due to COVID-19 and competing priorities, the classification study was not completed by the end of the FY 2020-2021. Therefore, we are requesting the classification study be approved for FY 2021-2022.

## **SERVICES AND SUPPLIES**

### **Medical Fees**

Staff requests an additional \$600,000 to cover the anticipated increase in medical fees due to the adoption of a new medical fee schedule which is pending Board of Retirement approval in June 2021. The adoption of a new medical fee schedule was recommended by staff in response to a new workers' compensation fee schedule effective April 1, 2021. The recommended increase will allow LACERA to remain competitive with regard to panel physician compensation in med-legal evaluations and reporting. It is imperative for LACERA to retain a well-qualified panel of Board Certified Physicians and ensure our members continue to receive timely and quality independent medical evaluations.

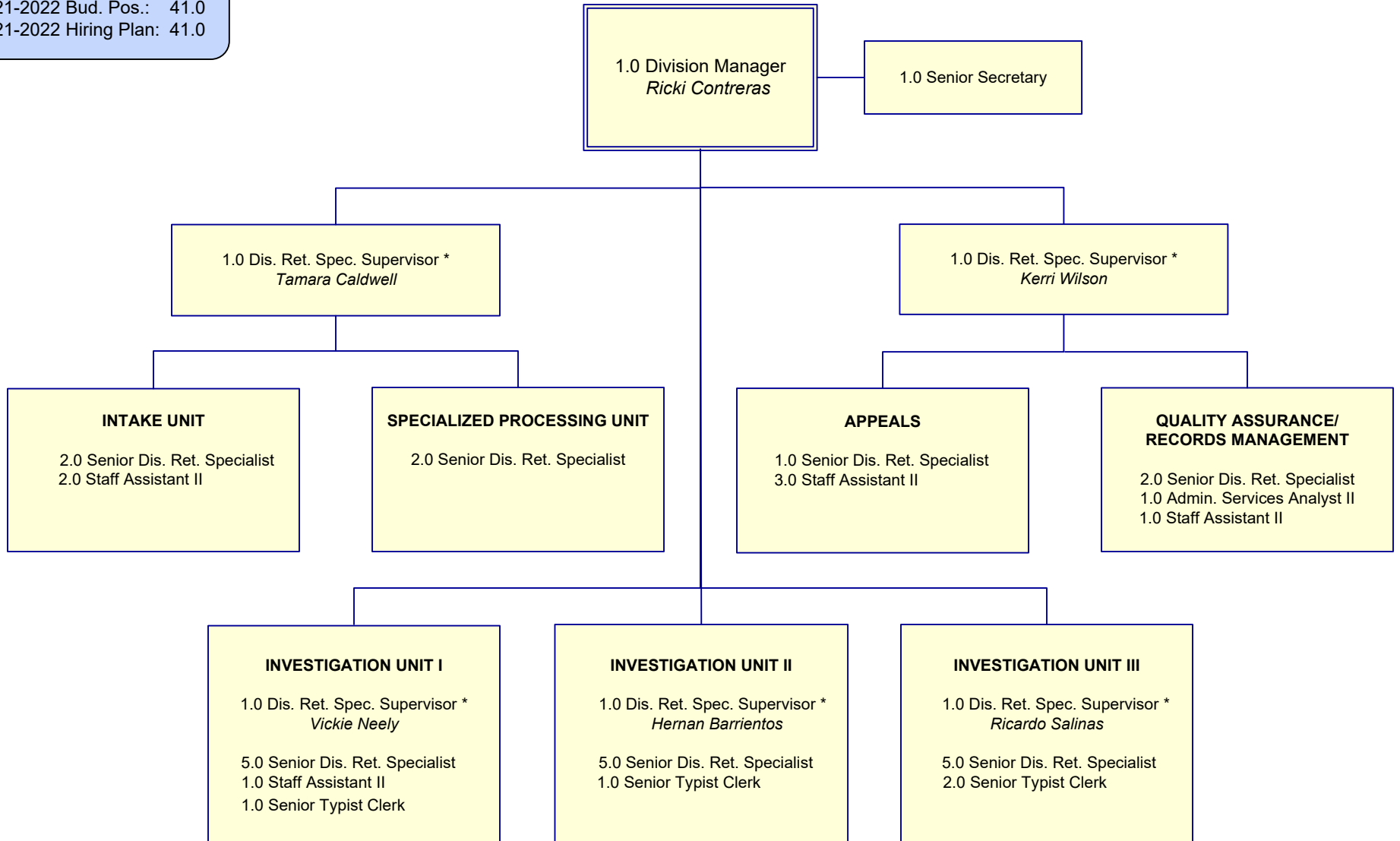


# DISABILITY RETIREMENT

## FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 41.0  
 2020-2021 Hiring Plan: 41.0

2021-2022 Bud. Pos.: 41.0  
 2021-2022 Hiring Plan: 41.0



+ Added position

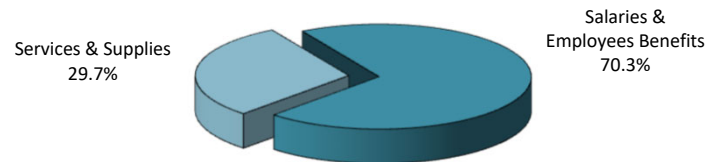
\* Classification and/or compensation study requested.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**DISABILITY RETIREMENT**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$6,962,398	\$6,347,485	\$4,228,015	\$6,349,340	\$1,855	0.03%	\$614,913	9.7%
Services & Supplies	2,935,000	2,363,800	1,056,656	2,235,200	(128,600)	-5.4%	571,200	24.2%
<b>OPERATING BUDGET</b>	<b>\$9,897,398</b>	<b>\$8,711,285</b>	<b>\$5,284,672</b>	<b>\$8,584,540</b>	<b>(\$126,745)</b>	<b>-1.5%</b>	<b>\$1,186,113</b>	<b>13.6%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**DISABILITY RETIREMENT**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$3,971,485</b>	\$3,793,694	\$2,476,243	\$3,768,603	(\$25,091)	-0.7%	\$177,791	4.69%
<b>Total Agency Temp Salaries</b>	<b>143,000</b>	72,100	65,254	72,100	0	0.0%	70,900	98.34%
<b>Employee Benefits (Variable)</b>	<b>2,467,442</b>	2,127,520	1,417,537	2,134,159	6,639	0.3%	339,922	15.98%
<b>Employee Benefits (Other)</b>	<b>237,356</b>	235,819	165,125	233,460	(2,359)	-1.0%	1,537	0.65%
<b>OPEB Contribution</b>	<b>116,515</b>	98,351	89,487	124,145	25,794	26.2%	18,164	18.47%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.00%
<b>Overtime</b>	<b>16,100</b>	9,500	12,496	15,000	5,500	57.9%	6,600	69.47%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.00%
<b>Sick Leave Buyback</b>	<b>6,000</b>	6,000	1,873	1,873	(4,127)	-68.8%	0	0.00%
<b>Rideshare Allowance</b>	<b>4,500</b>	4,500	0	0	(4,500)	-100.0%	0	0.00%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.00%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$6,962,398</b>	\$6,347,485	\$4,228,015	\$6,349,340	\$1,855	0.0%	\$614,913	9.7%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$6,962,398</b>	\$6,347,485	\$4,228,015	\$6,349,340	\$1,855	0.03%	\$614,913	9.7%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

DISABILITY RETIREMENT

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT				
00773A	DIVISION MANAGER	1	LS12	15,510	186,117				
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	106F	48,481	581,768				
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	21	102F	176,410	2,116,920				
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	93H	7,151	85,810				
00427A	STAFF ASSISTANT II	6	92E	38,185	458,222				
00439A	SENIOR SECRETARY	1	89G	6,062	72,750				
00446A	SENIOR TYPIST CLERK	4	79B	18,968	227,611				
POSITIONS		39			3,729,197				
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS	
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	1	102F	6,740	80,882	80,882			
00427A	STAFF ASSISTANT II	1	92E	5,127	61,523	61,523			
						142,405	0	0	
POSITIONS		2			142,405				
TOTAL POSITIONS		41							
GROSS SALARIES						3,871,602			
ANTICIPATED MOU SALARY INCREASE**						0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE						32,535			
BONUS						67,347			
120-DAY RETIREE(S)						0			
TOTAL SALARIES						3,971,485			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**DISABILITY RETIREMENT**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$8,000</b>	\$6,000	\$0	\$0	(\$6,000)	-100.0%	\$2,000	33.3%
OFFICE SUPPLIES & EQUIPMENT	<b>6,000</b>	6,000	1,357	2,700	(3,300)	-55.0%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>224,500</b>	225,000	132,949	225,000	0	0.0%	(500)	-0.2%
LEGAL FEES & SERVICES	<b>20,000</b>	30,000	4,592	8,000	(22,000)	-73.3%	(10,000)	-33.3%
DISABILITY FEES & SERVICES	<b>2,665,500</b>	2,086,000	914,783	1,992,500	(93,500)	-4.5%	579,500	27.8%
EDUCATIONAL EXPENSES	<b>10,700</b>	10,300	2,975	6,700	(3,600)	-35.0%	400	3.9%
MISCELLANEOUS	<b>300</b>	500	0	300	(200)	-40.0%	(200)	-40.0%
TOTAL	<b>\$2,935,000</b>	\$2,363,800	\$1,056,656	\$2,235,200	(\$128,600)	-5.4%	\$571,200	24.2%

\*All amounts rounded to the nearest dollar.



**Mission**

To direct and coordinate the efforts of every LACERA organizational unit toward the effective realization of LACERA’s Mission as articulated through policies adopted by the Boards of Retirement and Investments.

**INTRODUCTION**

The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA’s mission—to produce, protect, and provide the promised benefits—as articulated through policies adopted by the Boards of Retirement and Investments.

**STAFFING**

The Executive Office is requesting to add one Special Assistant position for the FY 2021-2022 budget. The Special Assistant will be responsible for assisting the Chief Deputy Officer and the two Assistant Executive Officers with special projects throughout the year. Projects may range from acting as a project manager on annual strategic planning efforts, major initiatives like developing a new budget process, to researching assignments and analytics of data generated by division management to help identify areas of operational efficiencies. This position may also be assigned to assist divisions as needed. The position will report to the Deputy Chief Executive Officer with dotted line reporting to the two Assistant Executive Officers.

In FY 2020-2021, LACERA added a Chief Information Security Officer (CISO) and began building out an Information Security Team. The CISO and his team are responsible for establishing privacy policies and procedures, evaluating adherence to those policies and procedures, reviewing authorization and privacy control structures such as administrative access rights, and independently evaluating vendor security operational controls to make

sure they are sufficiently in compliance with best practices. They are also responsible for educating LACERA staff on cybersecurity risks and best practices.

The CISO functionally reports directly to the Executive Office. However, the CISO and the Security team hired by the CISO were hired under positions allocated to the Systems Division on the Org Chart. In order to ensure their independence and objectivity so that they can carry out their oversight of IT security, and the security protocols across all LACERA divisions, both the CISO and the Security team should not be included in the Systems Division reporting structure. For this reason, we propose to move the five Information Security positions from the Systems Division to the Executive Office. The team will continue to report to the CISO who reports to the Chief Executive Officer. Our plan is to complete preparations to create an Information Security Division for consideration at the mid-year budget adjustment.

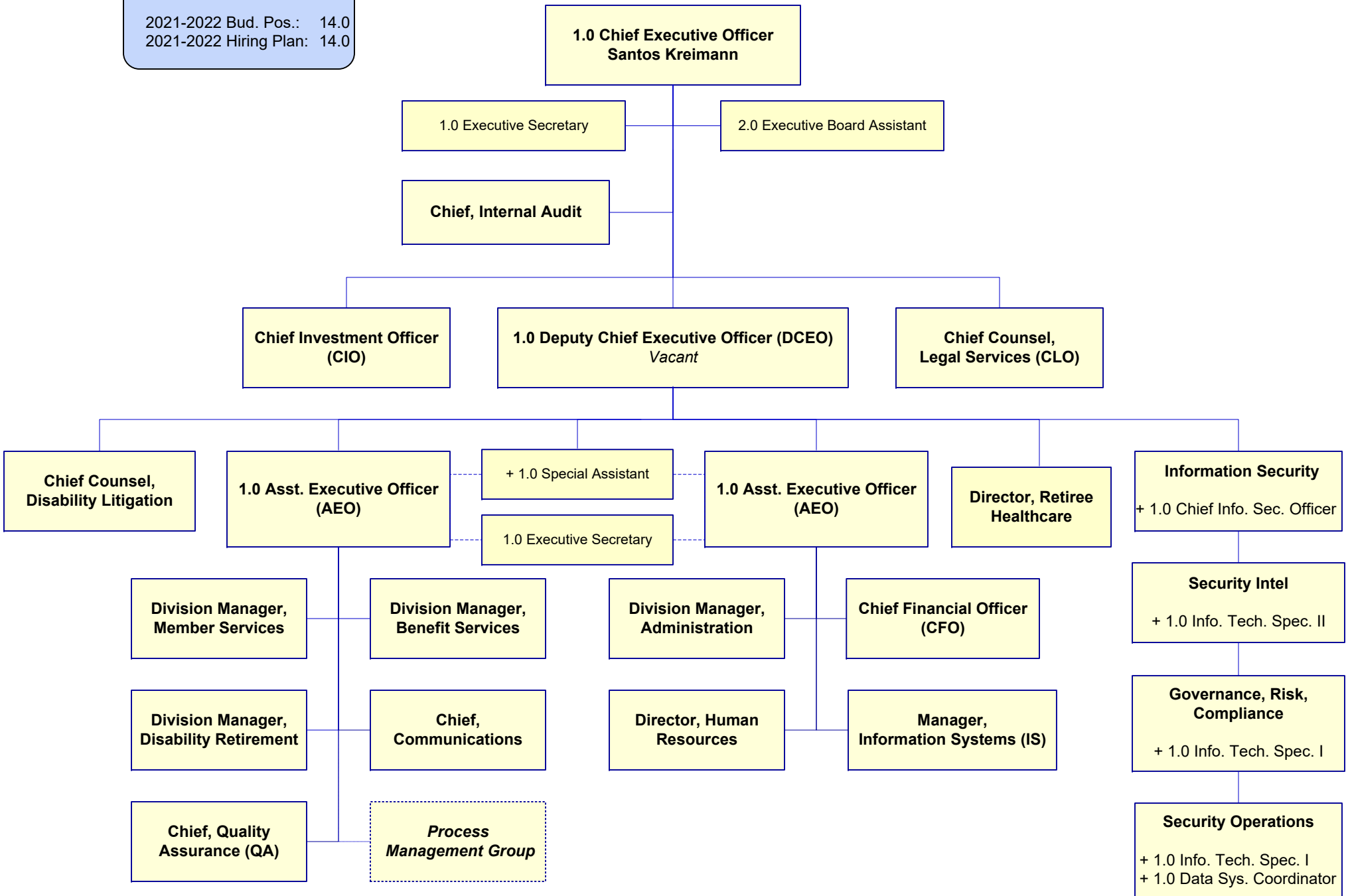
### **SERVICES AND SUPPLIES**

The Executive Office is not requesting any significant changes in the Services and Supplies budget over what was requested at the mid-year budget adjustment in December 2020. However, to realign and properly assign costs to the respective divisions with operational responsibilities we have reassigned \$60,000 in costs to the Legal Office for Legislative Consultants.

# EXECUTIVE OFFICE

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 8.0  
 2020-2021 Hiring Plan: 7.0  
 2021-2022 Bud. Pos.: 14.0  
 2021-2022 Hiring Plan: 14.0



+ Added position  
 [Dotted Box] Added new division "Process Management Group" (pending)

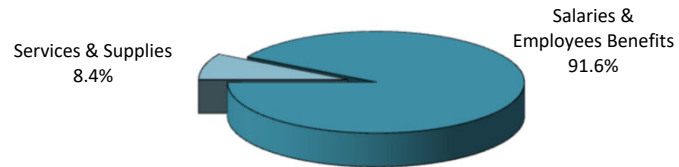


**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**EXECUTIVE OFFICE**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$3,490,434	\$1,899,420	\$1,365,359	\$2,033,736	\$134,316	7.1%	\$1,591,014	83.8%
Services & Supplies	318,800	428,700	109,840	204,075	(224,625)	-52.4%	(109,900)	-25.6%
<b>OPERATING BUDGET</b>	<b>\$3,809,234</b>	<b>\$2,328,120</b>	<b>\$1,475,198</b>	<b>\$2,237,811</b>	<b>(\$90,309)</b>	<b>-3.9%</b>	<b>\$1,481,114</b>	<b>63.6%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$2,073,672	\$1,204,464	\$796,793	\$1,195,190	(\$9,274)	-0.8%	\$869,208	72.2%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	1,139,992	493,613	447,516	657,738	164,125	33.2%	646,379	130.9%
Employee Benefits (Other)	123,933	76,879	53,612	76,110	(769)	-1.0%	47,054	61.2%
OPEB Contribution	60,837	32,063	28,606	41,798	9,735	30.4%	28,774	89.7%
Stipends	65,000	65,000	37,752	58,900	(6,100)	-9.4%	0	0.0%
Overtime	25,600	25,000	1,078	4,000	(21,000)	-84.0%	600	2.4%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	1,000	0	0	(1,000)	-100.0%	(1,000)	-100.0%
Rideshare Allowance	1,400	1,400	0	0	(1,400)	-100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$3,490,434</b>	<b>\$1,899,420</b>	<b>\$1,365,359</b>	<b>\$2,033,736</b>	<b>\$134,316</b>	<b>7.1%</b>	<b>\$1,591,014</b>	<b>83.8%</b>
Salary Differential	-	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$3,490,434</b>	<b>\$1,899,420</b>	<b>\$1,365,359</b>	<b>\$2,033,736</b>	<b>\$134,316</b>	<b>7.1%</b>	<b>\$1,591,014</b>	<b>83.8%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

EXECUTIVE OFFICE

2021-2022 BUDGET

	FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00776L	CHIEF EXECUTIVE OFFICER	1	LR27	33,333	400,000
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	LS16	19,515	234,183
00745A	EXECUTIVE BOARD ASSISTANT	2	104K	18,850	226,200
00442A	EXECUTIVE SECRETARY	2	101G	17,249	206,991

POSITIONS 6 1,067,374

	VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00770A	DEPUTY CHIEF EXECUTIVE OFFICER (UC)	1	LR18	16,292	195,507	195,507		
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	LS16	14,098	169,179	169,179		
00775A	SPECIAL ASSISTANT	1	LS12	10,557	126,681	126,681		
00806A	CHIEF INFO. SEC. OFFICER	1	LS12	10,557	126,681			63,341
00802A	INFORMATION TECHNOLOGY SPECIALIST II	1	123G	11,942	143,306	143,306		
00801A	INFORMATION TECHNOLOGY SPECIALIST I	2	118E	10,377	124,523		186,784	
00469A	DATA SYSTEMS COORDINATOR	1	111C	8,540	102,475	102,475		
						737,147	186,784	63,341

POSITIONS 8 987,272

TOTAL POSITIONS 14

GROSS SALARIES 2,054,646

ANTICIPATED MOU SALARY INCREASE\*\* 0

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 19,025

BONUS 0

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,073,672

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
[Represented positions shown in blue.](#)

Vacancies are shown at the 1st Step.  
\*All amounts rounded to the nearest dollar.

\*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**EXECUTIVE OFFICE**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	<b>\$12,300</b>	\$17,800	\$1,711	\$3,475	(\$14,325)	-80.5%	(\$5,500)	-30.9%
TRANSPORTATION & TRAVEL	<b>17,000</b>	18,000	50	100	(17,900)	-99.4%	(1,000)	-5.6%
OFFICE SUPPLIES & EQUIPMENT	<b>4,500</b>	4,500	517	600	(3,900)	-86.7%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>205,000</b>	260,000	94,388	175,000	(85,000)	-32.7%	(55,000)	-21.2%
EDUCATIONAL EXPENSES	<b>64,000</b>	68,400	11,106	21,000	(47,400)	-69.3%	(4,400)	-6.4%
MISCELLANEOUS	<b>16,000</b>	60,000	2,068	3,900	(56,100)	-93.5%	(44,000)	-73.3%
TOTAL	<b>\$318,800</b>	\$428,700	\$109,840	\$204,075	(\$224,625)	-52.4%	(\$109,900)	-25.6%

\*All amounts rounded to the nearest dollar.



**Mission**

Our mission is to provide sound guardianship of LACERA’s assets and deliver quality service to our stakeholders through timely and accurate financial information.

**INTRODUCTION**

The Financial and Accounting Services Division (FASD) contributes to LACERA’s Mission by conducting investment and administrative financial transactions while ensuring compliance with regulatory and statutory financial reporting mandates.

The FASD team strives to provide a high level of service to external and internal stakeholders. Our current operating capacity is constrained by our human resources where we have a number of vacancies within the Division. Staff continue to show their significant commitment to serving the LACERA members. The workload is managed by staff absorbing the duties and responsibilities of vacant positions, using overtime, deferring vacations, and acquiring temporary staffing. A significant focus for the upcoming fiscal year will be on recruiting and hiring efforts. Once the staffing numbers reach a higher level, additional strategic initiatives and special projects can be completed.

FASD’s budget request seeks to maintain financial reporting quality, ensure financial transactions are completed timely and accurately, support LACERA Trustees and organizational initiatives, while mitigating risks and managing change. To accomplish this, FASD requests authorization to:

1. Upgrade two entry-level Accounting Technician I positions to journey-level Accountant positions.
2. Partner with Human Resources to aggressively recruit and fill vacant positions which will improve staff moral and reduce the reliance on temporary staffing for critical needs.

3. Renew the CAFR (Comprehensive Annual Financial Report) preparation software tool for a multi-year agreement. This technology-based solution, to replace the standard labor-intensive manual process and benefit two work groups in their CAFR related responsibilities: (1) for FASD in preparing the CAFR; and (2) for the external auditor and key LACERA staff in reviewing/verifying information included in the CAFR.
4. Investigate and implement an efficient travel and expense technology solution to satisfy previous external audit recommendations to reduce the time and effort required by travelers and staff to capture and submit documents which substantiate claimable expenses.

## **STAFFING**

### **Reclassification**

The Division's organizational chart currently includes two budget Accounting Technician I positions. One of the positions is vacant due to retirement while the other position is held by a qualified staff member. We are requesting that both positions be upgraded to the Accountant level. As they were established long ago, these positions were designed to operate at the clerical level. However, the work of these positions has become more complex and demanding over time, and many of the duties assigned to staff are at a higher technical level. We are requesting that both positions be upgraded to the level of Accountant.

- A study conducted by AON Consulting found the Accounting Technician I in the Disbursement Unit currently performs duties and responsibilities at the scope and level of Accountant and recommended the position be reclassified.
- The Accounting Technician I position in the Reconciliation Unit was recently vacated due to retirement. We are requesting a reclassification of the position to the higher-level Accountant based on the operational need to have all staff able to perform the full scope of professional accounting duties, at the Accountant level.

### **Recruitment**

The Financial and Accounting Services Division currently has 10 vacant budgeted positions of which four of 10 are currently filled with temporary staff. Our personnel classification study, originated in 2017 and impacts 26 of the 30 positions, is in progress. During this time, we were advised to limit hiring of staff to avoid obtaining underqualified personnel. Various retirements, resignations, and internal transfers to other Divisions have contributed to our high vacancy rate.

Currently, plans have been established to fill some vacant positions before the end of fiscal year 2020-2021. Once these permanent positions are hired, should they create additional vacancies due to promotions, we will reconfigure our temporary staffing levels

for the mid-year budget request. We are requesting a total of eight additional temporary staff for the upcoming fiscal year.

### **Seven Temporary Staff Positions - Accountants**

FASD currently employs two temporary staff in the Investment Accounting Section and two temporary staff in the General Accounting Section. Our budget request includes maintaining these existing four temporary positions.

For the upcoming fiscal year, we are requesting three additional temporary staff at the Accountant level in order to continue to support LACERA's operations and fulfillment of organizational goals and objectives.

Two temporary accountants would be assigned to the Investment Accounting Section as wire monitors within each of the Public Markets Unit and the Direct Investments Unit. The Investment Accounting Section process over 2,000 wires annually and each Unit uses a designated Accountant to act as a wire monitor which oversees every step of each transaction to ensure the process is handled accurately and timely. Currently, both wire monitor positions are vacant due to a retirement and a transfer within the Division. State Street Bank currently provides two wire transfer platforms but is in the process of consolidating all transactions onto one platform. These changes will require additional training, monitoring, and diligence by staff as new processes are established. In addition to the wire monitoring responsibilities, these two vacant positions are responsible for investment accounting assignments such as monitoring and reconciling investment transactions, which is another critical task completed by our Division. Hiring temporary staff to fill these vacant positions will help the Investment Accounting Section better manage and distribute the workload among the team.

One temporary accountant would be assigned to the Reconciliation Unit within the General Accounting Section. The position was vacated due to retirement, while one existing staff working within the Reconciliation Unit has taken on some additional duties within the Reporting and Compliance Unit.

### **One Temporary Staff Position- Secretary**

The secretarial staff manage a significant workload volume including daily tasks as well as project-based assignments. The staff currently assigned to the Secretary position is performing a dual role assignment as the interim Senior Secretary, a position which remains vacant.

### **Overtime**

As in the past, overtime is requested to manage the additional workload related to the annual fiscal year-end financial statement preparation and audit which is the basis for preparing the CAFR and Popular Annual Financial Report (PAFR). When combined with the development of anticipated new responsibilities, unforeseen special projects, and

given the high number of vacancies, maintaining a budget for overtime has proven to be prudent.

## **TECHNOLOGY**

### **Renewing the CAFR Preparation Tool**

In conjunction with Systems Division, FASD implemented Workiva's *Wdesk* platform which was used to prepare the two prior years' CAFRs. During the implementation process, FASD established the audited financial statements within *Wdesk* and created templates for data to be input and linked year over year. This essentially laid out the framework in FY 2018-2019 which was replicated to a new file to prepare the FY 2019-2020 audited financial statements. During the final review stage, auditors and key LACERA staff accessed the platform to provide comments electronically where FASD conveniently tracked document versions, changes and suggestions.

We anticipate executing a multi-year commitment in accordance with the General Purchasing Policy for LACERA to continue to use *Wdesk*. The time and labor efficiencies, including the ability of staff to prepare and review the financial statements remotely, of *Wdesk* were more significantly realized with the second year as the templates created and used during implementation were carried over and refreshed. In addition, due to the pandemic and the remote work arrangement, the software's ability to store and share files electronically proved to be very useful and efficient. Upon favorable review of *Wdesk*'s effectiveness, staff will make a recommendation and request approval to enter into a multi-year agreement with Workiva.

### **Implementing a Technological Tool to Address Travel**

At the direction of the Trustees in a joint Board meeting to address a recommendation made by Mosaic Governance Advisors, LLC during their review of the Education and Travel Policy, FASD seeks to implement a technological tool to address LACERA's current suboptimal system related to our travel processes.

FASD will work in conjunction with Systems to implement a digital tool that will address the inefficient areas related to travel such as routing, storing, and retrieving hard copy documents; enhance integration between the accounting, corporate card, and travel reporting platforms; and provide detailed and summarized reporting that is useful in identifying trends to support proper oversight.

These issues can be resolved through a 3rd party cloud-based travel system that will modernize LACERA's operations and back-office systems, eliminate the heavily paper-based system, and create efficiencies by keeping and sharing information on a central platform.

We anticipate executing a one-year commitment in accordance with the General Purchasing Policy for LACERA to test and evaluate a travel system. Upon favorable



review, staff will make the recommendation and request approval to enter into a multi-year agreement for a long-term contract.

## **SERVICES AND SUPPLIES**

The Services and Supplies total budget request of \$240,000 represents a \$2,100 or 0.9%, decrease when compared with the prior fiscal year, mid-year budget adjustment. This is primarily attributable to the smaller budget for the educational expenses and transportation and travel categories. While FASD plans anticipate a relatively normal travel year for FY 2021-2022, we expect that staff will prefer attending webinars and online events to obtain education and qualifying units as compared to in-person conferences and events, at least until the pandemic concerns are subsided. Generally, webinars and online events are less expensive than large group conferences.

## **LOOKING FORWARD**

During the fiscal year 2021-2022, staff is looking forward to working with the Communications Division to revise the Popular Annual Financial Report (PAFR) prepared and sent to all members each year. The PAFR has been updated several times over the years, but this project will include a comprehensive format and content review.

Some organizational changes happening now and in the coming year will impact FASD such as the hiring of a new Assistant Executive Officer and Chief Financial Officer. Staff members are highly anticipating new leadership and new ideas. As such, staff will continue to move forward in implementing the strategic goals of the organization as identified within the CEO's 100-day Report. One initiative where FASD has partnered with Administrative Services is the implementation of a new budget software tool. In addition, FASD will work closely with other Divisions to explore an enterprise resource planning (ERP) software that can be used to manage day-to-day business operations such as accounting, procurement, project management, risk management and compliance, human resources, and inventory.

As we anticipate the classification study's completion, we look forward to filling existing, currently vacant positions as well as future vacancies due to retirement or departure. Our focus will be on staff training and education to help bridge the gap between staff with seasoned experience and a broad knowledge base and those new to LACERA. We anticipate spending time on effort to transfer historical knowledge among staff and in making plans for future changes.

The responsibilities of the Reporting and Compliance Unit (RCU) continue to increase in complexity and volume. Frequent updates to actuarial reporting standards, financial accounting standards and new projects have become routine. Positions within this Unit are included within the classification study. The Section is currently staffed with one Accountant while another staff provides support and completes projects on a part time basis. The need for additional resources will be reviewed.

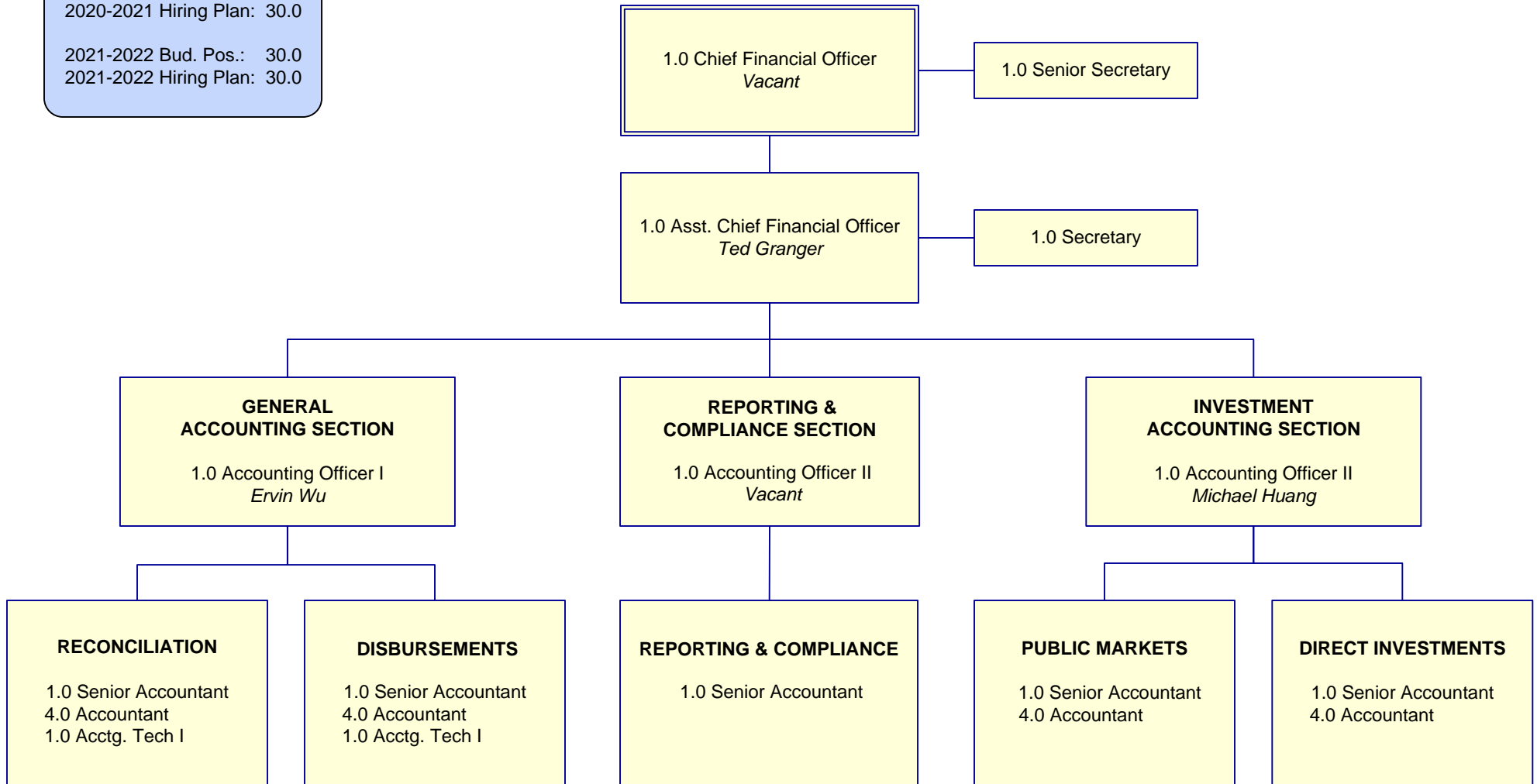
## **CONCLUSION**

This budget request was developed to provide the Financial and Accounting Services Division with vital resources to readily contribute towards the fulfillment of LACERA's Mission and Vision.

# FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 30.0  
 2020-2021 Hiring Plan: 30.0  
 2021-2022 Bud. Pos.: 30.0  
 2021-2022 Hiring Plan: 30.0



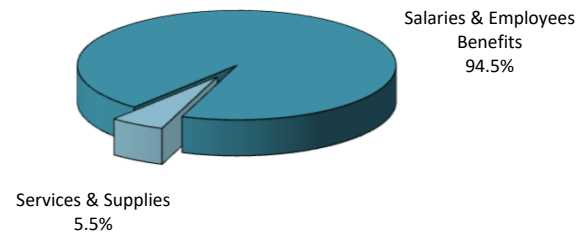
\*Classification study in progress for all positions except management and administrative support staff.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**FINANCIAL AND ACCOUNTING SERVICES**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	4,100,488	\$3,760,227	\$2,238,422	\$3,588,809	(\$171,418)	-4.6%	\$340,261	9.0%
Services & Supplies	240,000	242,100	10,183	214,200	(27,900)	-11.5%	(2,100)	-0.9%
<b>OPERATING BUDGET</b>	<b>\$4,340,488</b>	<b>\$4,002,327</b>	<b>\$2,248,605</b>	<b>\$3,803,009</b>	<b>(\$199,318)</b>	<b>-5.0%</b>	<b>\$338,161</b>	<b>8.4%</b>

**2021 -2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$1,942,091</b>	\$1,915,071	\$1,208,767	\$1,886,060	(\$29,011)	-1.5%	\$27,020	1.4%
<b>Total Agency Temp Salaries</b>	<b>729,400</b>	505,400	236,057	450,000	(55,400)	-11.0%	224,000	44.3%
<b>Employee Benefits (Variable)</b>	<b>1,168,551</b>	1,060,130	619,243	993,192	(66,938)	-6.3%	108,421	10.2%
<b>Employee Benefits (Other)</b>	<b>116,069</b>	135,298	95,251	133,945	(1,353)	-1.0%	(19,229)	-14.2%
<b>OPEB Contribution</b>	<b>56,977</b>	56,428	41,686	57,492	1,064	1.9%	549	1.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>67,900</b>	68,400	31,513	62,215	(6,185)	-9.0%	(500)	-0.7%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	5,745	5,745	(6,255)	-52.1%	0	0.0%
<b>Rideshare Allowance</b>	<b>7,500</b>	7,500	160	160	(7,340)	-97.9%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$4,100,488</b>	\$3,760,227	\$2,238,422	\$3,588,809	(\$171,418)	-4.6%	\$340,261	9.0%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$4,100,488</b>	\$3,760,227	\$2,238,422	\$3,588,809	(\$171,418)	-4.6%	\$340,261	9.0%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

FINANCIAL & ACCOUNTING SERVICES

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00799A	ASSISTANT CHIEF FINANCIAL OFFICER	1	LS10	13,622	163,469
00418A	ACCOUNTING OFFICER II	1	105D	9,542	114,503
00417A	ACCOUNTING OFFICER I	1	101H	8,190	98,276
00146A	SENIOR ACCOUNTANT	3	97C	23,619	283,432
00415A	ACCOUNTANT	12	93A	81,132	973,584
00413A	ACCOUNTING TECHNICIAN I	1	84F	5,575	66,896
00438A	SECRETARY	1	83D	4,714	56,570
POSITIONS		20			1,756,729

VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00800A	CHIEF FINANCIAL OFFICER	1	LS12	10,557	126,681			
00418A	ACCOUNTING OFFICER II	1	105D	7,275	87,303			
00146A	SENIOR ACCOUNTANT	2	97C	5,842	70,105	70,105		
00415A	ACCOUNTANT	4	93A	5,216	62,592			31,296
00439A	SENIOR SECRETARY	1	89G	4,749	56,992			
00413A	ACCOUNTING TECHNICIAN I	1	84F	4,137	49,643			24,821
POSITIONS		10			126,223	70,105	0	56,117

TOTAL POSITIONS	30							
GROSS SALARIES					1,882,952			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					12,791			
BONUS					46,349			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					1,942,091			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

LACERA

FISCAL YEAR 2021-2022

SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	\$14,000	\$12,500	\$0	\$0	(\$12,500)	-100.0%	\$1,500	12.0%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	3,979	5,000	1,500	42.9%	0	0.0%
BANK SERVICES	200,500	195,000	(435)	195,000	0	0.0%	5,500	2.8%
EDUCATIONAL EXPENSES	19,000	28,100	4,774	11,700	(16,400)	-58.4%	(9,100)	-32.4%
MISCELLANEOUS	3,000	3,000	1,865	2,500	(500)	-16.7%	0	0.0%
TOTAL	\$240,000	\$242,100	\$10,183	\$214,200	(\$27,900)	-11.5%	(\$2,100)	-0.9%

\*All amounts rounded to the nearest dollar.



### **Mission**

Our mission is to effectively administer human resource programs, provide quality service to LACERA employees, supervisors, and managers; and reflect LACERA's values and vision in both the effort put forth and the work accomplished.

### **INTRODUCTION**

Human Resources is responsible for providing human resources services to all LACERA Staff Members. Our work encompasses all areas of human resources such as: recruitment, selection, performance and workforce management, classification, compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, employee discipline, workplace investigations, workers' compensation, career planning and development, conflict resolution, labor/employment law compliance, leave management, and American Disability Act (ADA)/Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA)/Fair Labor Standards Act (FLSA) administration.

### **STAFFING**

Human Resources requests a Human Resources Analyst in anticipation of assuming full responsibility for personnel assignment transactions effective July 1, 2021. Currently the County of Los Angeles Board of Supervisors performs this function on LACERA's behalf.

Human Resources also requests an additional Human Resources Analyst to support the Employee and Organizational Development (EOD) unit. In addition to the current offerings, EOD will expand to include programs related to leadership development, succession planning, inclusion, and employee engagement.

### **Successes**

The Human Resources Division is pleased to report we have taken steps to improve our processes and procedures, which have improved our efficiency and service to staff members. Among these successes are:



- Human Resources staff members took the lead in conducting contact tracing, administering COVID-19 related leaves, and creating safety protocols. This work continues as safety regulations change frequently.
- The development and implementation of an updated examination request process that justifies the immediate need for testing to fill any vacancies.
- The Return to Work Unit expanded the Leave Management Program to create essential position functional analyses for 15 classifications.
- The Employee Engagement Survey was launched in February 2021. Once the results are compiled and reported, there will be follow-up for Staff Members to attend focus groups to provide further input regarding Employee Engagement at LACERA. All of the input will be reviewed, and solutions implemented to improve the Employee Engagement at LACERA.
- Human Resources provided training for all staff members and managers working remotely. We also developed a non-emergency Telework policy for use after the safer-at-home restrictions are lifted.
- Recruitment Staff worked with the Communications Division to create branded recruitment bulletins for posting and advertising open/competitive employment opportunities. This change is particularly effective for management positions.
- Human Resources issued a Request for Proposal and contracted with Alliance Resources Consulting to conduct the search for the Deputy Chief Executive Officer position. Alliance will also conduct the search for the Assistant Executive Officer once the Deputy Executive Officer is hired.
- Proposed programming in support of the Administrative Equity Initiative.
- Hired five permanent staff members; secured twenty-five temporary staff to fill critical vacancies; processed 73 leaves; and coordinated 180+ training courses for staff.

## **Challenges**

- Human Resources continues to work to overcome obstacles encountered with filling the amount of vacancies. Using a different approach, two temporary staff were hired to assist with recruiting and selection.
- Administering the examination for Retirement Benefits Specialist (RBS) I, the classification used in the trainee cohort. Testing delays create additional vacancies, which negatively impact the member facing divisions.
- Implementation of recommendations resulting from completed classification studies.
- Inaccessibility of personnel, payroll, and workers compensation files outside of the LACERA office. Processes related to personnel transactions, payroll, and leave management are paper-based and depend on multiple approvals.

## **Human Resources Future Plans**

We are pleased to present an outline of goals and initiatives that will be our focus for the 2021-2022 Fiscal Year:

- Develop a transition plan to bring personnel transactions in-house with minimal disruption to service.
- Continue to partner with the Systems Division to find software that can reduce paper driven processes and to track personnel transactions.
- Identify and implement a succession planning framework, including training profiles for individual contributors, supervisors, and managers.
- Develop an Employee Engagement Program to address the actionable items discovered from the Employee Engagement Survey.
- Develop and modify The Leave Case Management Program (LMP) as needed.
- Engage with our labor partners at SEIU to negotiate the Memorandum of Understanding for Bargaining Units 850 and 851.
- Broaden the Diversity, Equity, and Inclusion program, including advancing diversity recruitment.
- Conduct the executive searches for the Systems and Financial and Accounting Services Divisions.
- Support in the development and execution of LACERA's strategic plan.

### **Budget Variances:**

In comparing our FY 2021-2022 Budget to that of the previous fiscal year, notable variances are found in the following areas:

Human Resources Consulting: additional expenses anticipated for negotiations and classification studies.

Departmental Training: additional expenses anticipated for training software licenses and additional training throughout the organization.

### **Departmental Training:**

The Human Resources Division expects to continue LACERA's commitment as a learning organization. We are requesting to increase our current budgeted funds to \$250,000.

The Departmental Training Budget anticipates expenditures for Staff Training in the following areas:

- Harassment Prevention Training for all new staff members (every six months)
- Telework training for all staff members
- Eight hours of training for each staff member, including two hours of training related to diversity in the workplace

- Use of technology

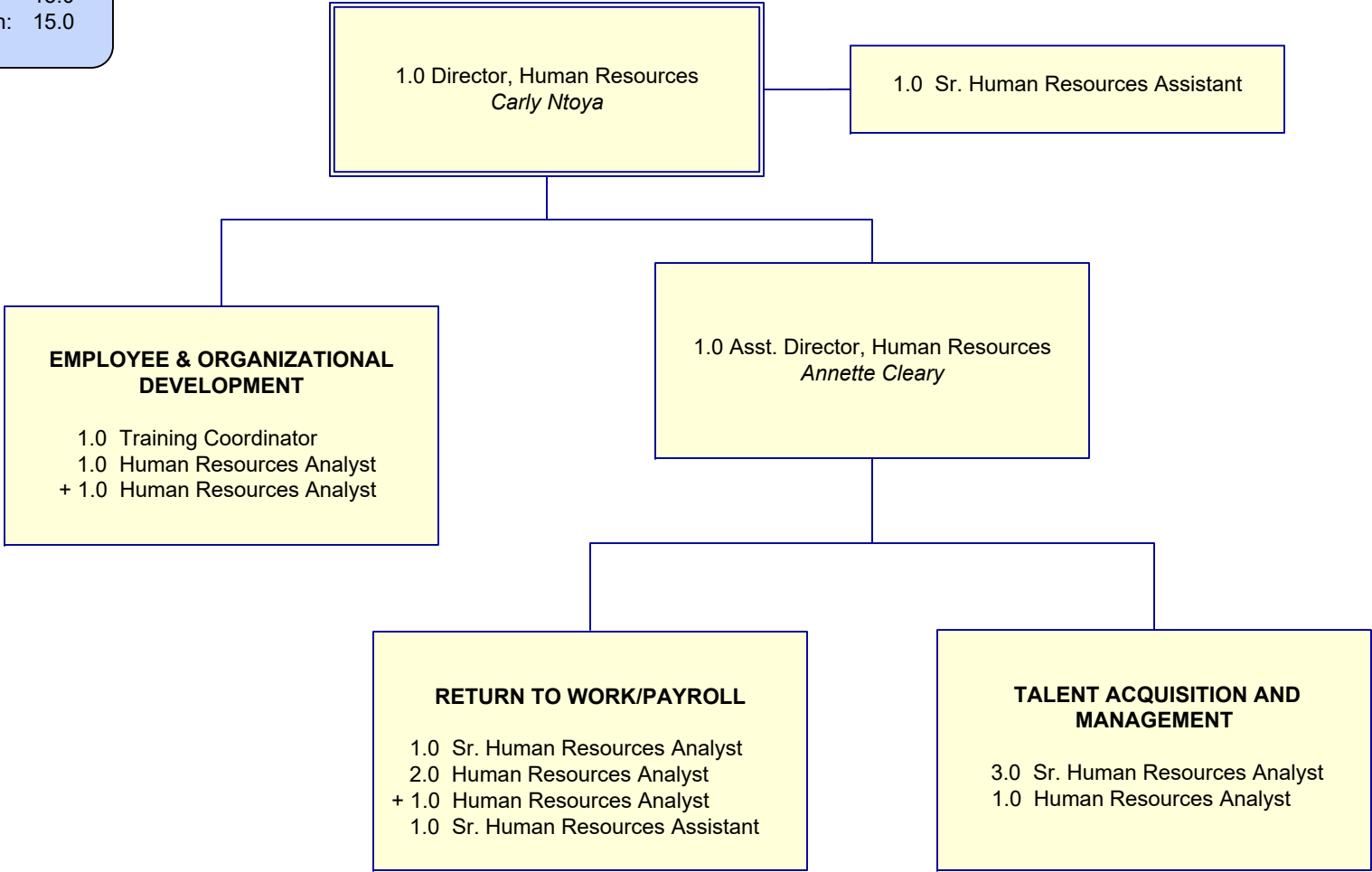
For Management Staff Members:

- Management Training Plan, including:
  - New hire training for new managers
  - Crucial Conversations
  - Emotional Intelligence
  - Leadership Ethics
  - Strategic Thinking
- ACE (Accelerated CERL Education) Program: Soft Skills Training which includes Business Communication, Strategic Thinking, Conflict Resolution, and Root Cause Analysis, among others.

# HUMAN RESOURCES

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.:	13.0
2020-2021 Hiring Plan:	13.0
2021-2022 Bud. Pos.:	15.0
2021-2022 Hiring Plan:	15.0



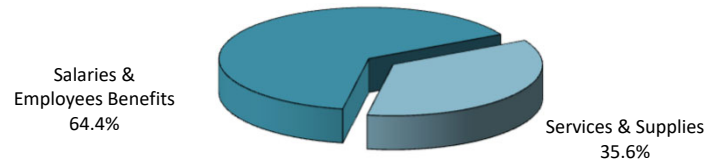
+ Added position  
 \* Classification study for all positions requested.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**HUMAN RESOURCES**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$2,926,303</b>	\$2,388,658	\$1,675,458	\$2,447,130	\$58,472	2.4%	\$537,645	22.5%
<b>Services &amp; Supplies</b>	<b>1,619,300</b>	1,807,100	643,631	1,300,200	(506,900)	-28.1%	(187,800)	-10.4%
<b>OPERATING BUDGET</b>	<b>\$4,545,603</b>	\$4,195,758	\$2,319,088	\$3,747,330	(\$448,428)	-10.7%	\$349,845	8.3%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$10,263,564</b>	\$9,344,757	\$6,319,766	\$9,254,934	(\$89,823)	-1.0%	\$918,807	9.8%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>4,998,241</b>	3,930,135	2,868,640	4,055,555	125,420	3.2%	1,068,106	27.2%
<b>Employee Benefits (Other)</b>	<b>613,402</b>	575,043	401,010	569,293	(5,750)	-1.0%	38,359	6.7%
<b>OPEB Contribution</b>	<b>301,112</b>	239,828	138,179	207,270	(32,558)	-13.6%	61,284	25.6%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>1,000</b>	1,000	0	0	(1,000)	-100.0%	(0)	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	1,200	0	0	(1,200)	-100.0%	(1,200)	-100.0%
<b>Rideshare Allowance</b>	<b>5,000</b>	5,000	0	0	(5,000)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>7,200</b>	7,200	5,100	7,200	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$16,189,519</b>	\$14,104,163	\$9,732,695	\$14,094,252	(\$9,911)	-0.1%	\$2,085,356	14.8%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$16,189,519</b>	\$14,104,163	\$9,732,695	\$14,094,252	(\$9,911)	-0.07%	\$2,085,356	14.8%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

HUMAN RESOURCES

2021-2022 BUDGET

<u>FILLED POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>ACTUAL MO. RATE</u>	<u>ANNUAL AMOUNT</u>			
00425A	DIRECTOR, HUMAN RESOURCES	1	LS12	13,774	165,290			
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	LS10	12,835	154,018			
00436A	SENIOR HUMAN RESOURCES ANALYST	4	102K	35,709	428,513			
01886A	TRAINING COORDINATOR	1	102J	8,906	106,867			
00434A	HUMAN RESOURCES ANALYST	4	98K	31,216	374,588			
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	92A	13,314	159,768			
	POSITIONS	13			1,389,044			
<u>VACANT POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>1ST STEP MO. RATE</u>	<u>ANNUAL AMOUNT</u>	<u>FILLED AT 12 MONTHS</u>	<u>FILLED AT 9 MONTHS</u>	<u>FILLED AT 6 MONTHS</u>
00434A	HUMAN RESOURCES ANALYST	2	98K	6,107	73,286			73,286
	POSITIONS	2			73,286	0	0	73,286
	TOTAL POSITIONS	15						
	GROSS SALARIES				1,462,330			
	ANTICIPATED MOU SALARY INCREASE**				0			
	ANTICIPATED STEP AND/OR MERIT SALARY INCREASE				14,322			
	BONUS				37,326			
	120-DAY RETIREE(S)				0			
	TOTAL SALARIES				1,513,977			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**HUMAN RESOURCES**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$9,000</b>	\$9,000	\$0	\$0	(\$9,000)	-100.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	<b>8,000</b>	8,000	3,205	5,500	(2,500)	-31.3%	0	0.0%
PARKING FEES	<b>377,000</b>	377,000	309,042	420,000	43,000	11.4%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	<b>425,800</b>	383,300	207,208	329,700	(53,600)	-14.0%	42,500	11.1%
COMPUTER SERVICES & SUPPORT	<b>55,000</b>	42,000	25,285	35,500	(6,500)	-15.5%	13,000	31.0%
EDUCATIONAL EXPENSES	<b>512,000</b>	500,300	68,653	303,000	(197,300)	-39.4%	11,700	2.3%
MISCELLANEOUS	<b>232,500</b>	487,500	30,238	206,500	(281,000)	-57.6%	(255,000)	-52.3%
TOTAL	<b>\$1,619,300</b>	\$1,807,100	\$643,631	\$1,300,200	(\$506,900)	-28.1%	(\$187,800)	-10.4%

\*All amounts rounded to the nearest dollar.





### **Mission**

To support LACERA's mission through independent, objective assurance, and consulting services.

### **INTRODUCTION**

The purpose of Internal Audit is to provide independent, objective assurance services, and consulting services designed to add value and improve LACERA's operations. The mission of Internal Audit is to enhance and protect LACERA's organizational values by providing risk-based and objective assurance, advice, and insight. Internal Audit brings a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes to help LACERA accomplish its mission.

Internal Audit assists the organization in meeting its control objectives through:

- Evaluating risk exposure relating to achievement of LACERA's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, procedures, laws, and regulations, which could have a significant impact on LACERA
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operation or programs are being carried out as planned
- Monitoring and evaluating governance processes

## **NOTABLE ACHIEVEMENTS AND CONTRIBUTIONS**

All staff within Internal Audit are Certified Public Accountants, Certified Internal Auditors, or Certified Information Systems Auditors. Some have more than one certification and other relevant certifications such as certified fraud examiner and certified information security designations. Included in the performance of our annual audit plan, Internal Audit developed, oversaw, or contributed significantly, in a consulting capacity, to the following notable achievements and ongoing efforts within LACERA.

- Initiated SOC1 over OPEB Census data
- Consulted on the Establishment of an End-User InfoSec Manual
- Oversaw ongoing actuarial audit activities
- Oversaw Real Estate Advisor Compliance and Operational Audits
- Oversaw Audit Committee Charter Revisions and Hiring of New Audit Committee Consultant
- Established a fully functional remote audit team
- Enhanced and formalized the Recommendation Follow-up Process
- Performed a Quality Assurance Improvement Program (QAIP) over Internal Audit Operations
- Upgraded Internal Audit's Automated Audit Management System

## **STAFFING**

We are not requesting any changes to the budgeted staff positions, although a compensation study has been requested for the Principal Internal Auditors.

We look forward to participating in LACERA's internship program this year and are planning to employ an intern to work on a special project during the Fiscal Year. The budget for our intern will be included in Human Resources' budget.

We are continuing to evaluate, improve, and ensure that we provide comprehensive training for personnel at all levels to develop themselves as auditors, obtain credentials and provide for succession planning to the management (Principal) and Division Management level (Chief Audit Executive).

## **SERVICES AND SUPPLIES**

Each fiscal year, Internal Audit prepares a risk-based Audit Plan, approved by the Audit Committee. The Audit Plan defines the allocation of audit resources and communicates Internal Audit planned activities and resource requirements. This provides the basis for the Chief Audit Executive (CAE) and the Audit Committee to ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed.

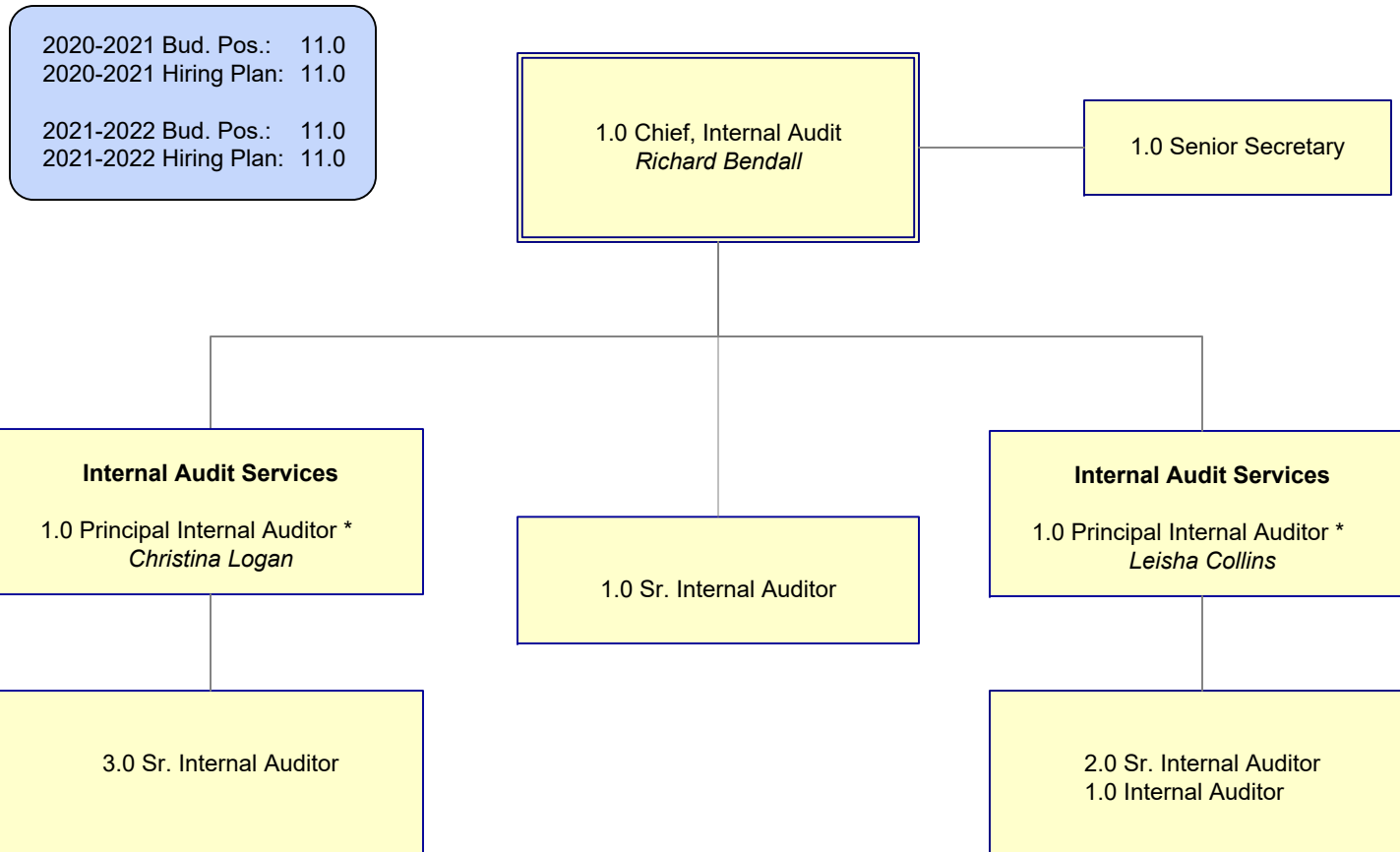
Internal Audit continues to leverage the use of external resources to better meet the needs of the organization and address the Audit Plan. The cost associated with these resources are a significant portion of the budget, \$650,000. Of this,

approximately \$150,000 is for the external financial audit. \$250,000 is to be at the discretion of staff to perform external IT audits, real estate advisor audits, and other external audits as needed to address the Audit Plan. Another \$250,000 was added by the Audit Committee for contingency purposes at their discretion, for additional work needed based on an existing audit finding.

Our total S&S budget increased by \$262,600, from \$457,900 for our mid-year approved current Fiscal Year budget to \$720,900 for Fiscal Year 2021-2022. However, \$250,000 of this is due to the Audit Committee moving their contingency funding to our S&S Budget this year, rather than the contingency residing off budget (as it was for this current budget year for the Audit Committee's \$500,000 contingency).

# INTERNAL AUDIT

## FISCAL YEAR 2021-2022



2020-2021 Bud. Pos.: 11.0  
 2020-2021 Hiring Plan: 11.0  
 2021-2022 Bud. Pos.: 11.0  
 2021-2022 Hiring Plan: 11.0

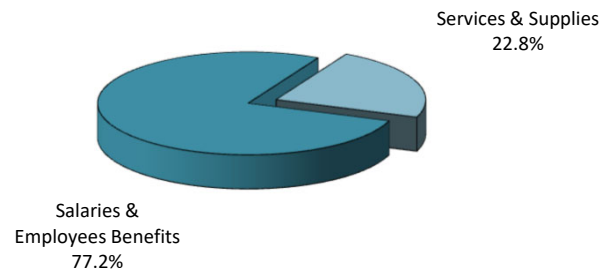
\* Classification study for the position requested

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**INTERNAL AUDIT**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$2,433,813	\$2,121,686	\$1,495,923	\$2,251,768	\$130,082	6.1%	\$312,127	14.7%
Services & Supplies	720,500	457,900	196,169	340,900	(\$117,000)	-25.6%	262,600	57.3%
<b>OPERATING BUDGET</b>	<b>\$3,154,313</b>	<b>\$2,579,586</b>	<b>\$1,692,092</b>	<b>\$2,592,668</b>	<b>\$13,082</b>	<b>0.5%</b>	<b>\$574,727</b>	<b>22.3%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**INTERNAL AUDIT**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$1,454,721</b>	\$1,336,307	\$940,279	\$1,403,219	\$66,912	5.0%	\$118,414	8.9%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>843,072</b>	661,052	467,206	723,989	62,937	9.5%	182,020	27.5%
<b>Employee Benefits (Other)</b>	<b>86,941</b>	82,232	57,345	81,410	(822)	-1.0%	4,709	5.7%
<b>OPEB Contribution</b>	<b>42,678</b>	34,296	30,601	42,150	7,854	22.9%	8,382	24.4%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>4,900</b>	4,800	492	1,000	(3,800)	-79.2%	100	2.1%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	1,500	0	0	(1,500)	-100.0%	(1,500)	-100.0%
<b>Rideshare Allowance</b>	<b>1,500</b>	1,500	0	0	(1,500)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$2,433,813</b>	\$2,121,686	\$1,495,923	\$2,251,768	\$130,082	6.1%	\$312,127	14.7%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$2,433,813</b>	\$2,121,686	\$1,495,923	\$2,251,768	\$130,082	6.1%	\$312,127	14.7%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

INTERNAL AUDIT

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00774A	CHIEF, INTERNAL AUDIT	1	LS12	15,979	191,742			
00762A	PRINCIPAL INTERNAL AUDITOR	2	115B	23,625	283,499			
00763A	SENIOR INTERNAL AUDITOR	5	108K	51,691	620,292			
00764A	INTERNAL AUDITOR	1	102G	8,862	106,343			
00439A	SENIOR SECRETARY	1	89G	5,588	67,060			
POSITIONS		10			1,268,936			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00763A	SENIOR INTERNAL AUDITOR	1	108K	8,010	96,119	96,119		
POSITIONS		1			96,119			
TOTAL POSITIONS		11						
GROSS SALARIES					1,365,055			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					16,815			
BONUS					72,851			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					1,454,721			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**INTERNAL AUDIT**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$17,000</b>	\$8,600	\$0	\$0	(\$8,600)	-100.0%	\$8,400	97.7%
OFFICE SUPPLIES & EQUIPMENT	<b>1,500</b>	1,700	0	300	(1,400)	-82.4%	(200)	-11.8%
PROFESSIONAL & SPEC. SRVCS.	<b>671,000</b>	421,000	182,349	321,000	(100,000)	-23.8%	250,000	59.4%
EDUCATIONAL EXPENSES	<b>30,500</b>	25,800	13,820	19,400	(6,400)	-24.8%	4,700	18.2%
MISCELLANEOUS	<b>500</b>	800	0	200	(600)	-75.0%	(300)	-37.5%
TOTAL	<b>\$720,500</b>	\$457,900	\$196,169	\$340,900	(\$117,000)	-25.6%	\$262,600	57.3%

\*All amounts rounded to the nearest dollar.





## **Mission**

Prudently invest the Trust assets to achieve the highest risk-adjusted return in accordance with the policies and decisions of the Board of Investments.

## **INTRODUCTION**

The Investment Office's staff responsibilities include developing and recommending prudent investment policies and risk management strategies to assist LACERA towards achieving the return objectives established by the Board of Investments. The Investment Office's staff is also responsible for implementing and monitoring Board-approved programs and policies.

## **BACKGROUND**

On an ongoing basis, the Investment Office implements LACERA's strategic asset allocation. As part of this effort, the Investment Office's staff works to optimize asset category returns through structure reviews, monitoring existing investments, and performing diligence on prospective mandates. The team takes a total portfolio approach that incorporates ESG and Diversity, Equity, and Inclusion (DEI) factors in its analysis. The Investment Office balances risks such as leverage and illiquidity with its goal of optimizing risk-adjusted returns.

A challenge that the Investment Office faces is achieving the target rate of return in an environment of more muted expectations from all asset classes. To confront this, the Investment Office continues to increase its focus on risk management, proper portfolio diversification, and LACERA-friendly fee models.

In the recent period, the Investment Office has successfully onboarded a total fund risk system, assessed its operational capabilities to identify areas for optimization, and developed a more robust framework around our DEI initiatives. Additionally, each functional team performed a mid or full-cycle structure review for their respective asset

category which led to changes that better align LACERA investments with its portfolio objectives.

LACERA's most important resource is its people. Towards this end, the Investment Office has continued to focus on cross-asset category collaboration to enhance the team's overall investment knowledge and perspectives. The greater depth of investment talent best positions the Fund to meet its goals in a challenging macro-economic environment.

Over the coming years, the Investment Office will continue evaluating additional co-investment opportunities, enhance its operational capabilities, continue optimizing the investment model, and focus on elevating our DEI initiatives. For additional information, please see the 2021 Investments Division Work Plan, which is located in the Strategic Plans. This plan continues the strategic journey of morphing from an allocator to an investor.

## **STAFFING**

For Fiscal Year 2021-2022 the Investment Office is requesting one additional Finance Analyst III to assist with portfolio stewardship and corporate governance. The Investment Office's organizational chart has been updated to further align the team with LACERA's functional asset allocation framework and elevate stewardship and corporate governance.

In recent years, LACERA has focused on developing foundational pillars and parameters for growing its corporate governance and ESG efforts and incorporating the evaluation of these factors across the total portfolio. This is consistent with our theme of transitioning from allocator to investor. Those foundations include:

1. Established approved policies, such as LACERA's *Corporate Governance Principles*, articulating what sound governance means to LACERA.
2. Expanded ownership rights, by developing and attaining approval to restructure the global equity portfolio to retain proxy voting rights and apply LACERA's custom policy
3. Defined focused priorities for corporate and public policy engagement where LACERA can advocate best practices in line with its *Corporate Governance Principles*, including influencing public policy, advocating best practices, and improving quality ESG data disclosures; e.g.:
  - a. Joint letters and separate comment letters to the SEC and legislators
  - b. Corporate engagements e.g. California board diversity initiative and Climate Action 100+
  - c. Collaboration with affiliated associations, such as CII, ICGN, PRI and ACGA
4. Developing an approach to ESG integration based on materiality to economic performance, in-line with evolving market best practice, and as part of holistic, multi-dimensional portfolio management and monitoring, including 5-point assessment tool such as probing managers across asset classes to identify and understand best practices and incorporate learnings into enhanced manager due diligence and monitoring
5. Incorporating sound corporate governance and ESG integration into a total fund view, including contributing to further developing total fund portfolio analytics (including ESG data), workplans, and board planning (as opposed to a siloed

project area), as well as navigating occasional ESG-related projects, such as shepherding analysis and fund options

With core foundational aspects of the program in place and program orientations on strategic priorities identified in the 2021 Investment Division Work Plan under the initiative to Maximize Stewardship and Ownership Rights, LACERA could benefit from additional staff resources to responsibly implement and further act on adopted policies and identified priorities.

Accordingly, additional assigned resources would be beneficial in order to:

- Support responsible proxy voting, as LACERA expands from voting at 1,610 meetings to ~10,000
- Provide research, writing, and implementation support to corporate and public policy engagements with capacity to lead key aspects of governance projects
- Conduct data analytics on security, manager, and total fund-level using sourced ESG data and existing tools in Bloomberg and corporate filings on executive compensation, governance practices, and financial disclosures to support ESG integration and prioritized engagements
- Assist on manager-level ESG assessments as part of integrated, manager scorecard due diligence and monitoring

### **SERVICES AND SUPPLIES**

There is a 13% increase in the proposed Fiscal Year 2021-2022 Supplies and Services budget compared to the approved Fiscal Year 2020-2021 budget. We expect an increase in travel, education, and certification expenses due to an expanded team as new and existing budgeted positions are filled.

# INVESTMENT OFFICE

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 44.0  
 2020-2021 Hiring Plan: 43.0  
 2021-2022 Bud. Pos.: 45.0  
 2021-2022 Hiring Plan: 45.0

1.0 Chief Investment Officer  
*Jonathan Grabel*

**Pending Board of Supervisors Approval**  
 1.0 Deputy Chief Investment Officer ∅  
*TBD*

1.0 Sr. Mgmt. Secretary

**REAL ASSET AND INFLATION HEDGES**

**GROWTH ASSETS**

**CREDIT AND RISK MITIGATING STRATEGIES**

**PORTFOLIO ANALYTICS**

**Co-Head and PIO for Real Estate**  
 1.0 Principal Investment Officer  
*John McClelland*

**Co-Head and PIO for Real Assets (Infrastructure and Natural Resources)**  
 1.0 Principal Investment Officer  
*Jim Rice*

**Co-Head and PIO for Global Equity**  
 1.0 Principal Investment Officer  
*Edward Wright*

**Co-Head and PIO for Private Equity**  
 1.0 Principal Investment Officer  
*Christopher Wagner*

**PIO for Credit and Risk Mitigating Strategies**  
 1.0 Principal Investment Officer  
*Vache Mahseredjian*

**PIO for Portfolio Analytics**  
 1.0 Principal Investment Officer  
*Jude Perez*

2.0 Finance Analyst III  
 3.0 Finance Analyst II  
 1.0 Finance Analyst I  
 1.0 Sr. Secretary

2.0 Finance Analyst III  
 1.0 Finance Analyst II

2.0 Finance Analyst III  
 3.0 Finance Analyst II  
 1.0 Sr. Secretary

1.0 Sr. Investment Officer  
 4.0 Finance Analyst III  
 2.0 Finance Analyst II  
 1.0 Sr. Secretary

1.0 Sr. Investment Officer  
 3.0 Finance Analyst III  
 1.0 Finance Analyst II  
 1.0 Finance Analyst I

2.0 Sr. Investment Officer  
 1.0 Finance Analyst III  
 +1.0 Finance Analyst III  
 1.0 Finance Analyst II  
 1.0 Finance Analyst I

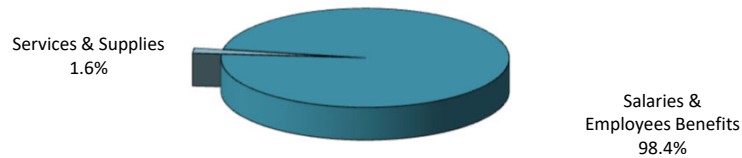
+ Added position  
 ∅ Not yet approved by Board of Supervisors

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**INVESTMENT OFFICE**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$16,189,519</b>	\$14,104,163	\$9,732,695	\$14,094,252	(\$9,911)	-0.07%	\$2,085,356	14.8%
<b>Services &amp; Supplies</b>	<b>268,500</b>	237,300	84,589	94,800	(142,500)	-60.1%	31,200	13.1%
<b>OPERATING BUDGET</b>	<b>\$16,458,019</b>	\$14,341,463	\$9,817,285	\$14,189,052	(\$152,411)	-1.1%	\$2,116,556	14.8%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
Total LACERA Salaries	\$10,263,564	\$9,344,757	\$6,319,766	\$9,254,934	(\$89,823)	-1.0%	\$918,807	9.8%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	4,998,241	3,930,135	2,868,640	4,055,555	125,420	3.2%	1,068,106	27.2%
Employee Benefits (Other)	613,402	575,043	401,010	569,293	(5,750)	-1.0%	38,359	6.7%
OPEB Contribution	301,112	239,828	138,179	207,270	(32,558)	-13.6%	61,284	25.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,000	1,000	0	0	(1,000)	-100.0%	(0)	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	1,200	0	0	(1,200)	-100.0%	(1,200)	-100.0%
Rideshare Allowance	5,000	5,000	0	0	(5,000)	-100.0%	0	0.0%
Transportation Allowance	7,200	7,200	5,100	7,200	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$16,189,519</b>	<b>\$14,104,163</b>	<b>\$9,732,695</b>	<b>\$14,094,252</b>	<b>(\$9,911)</b>	<b>-0.1%</b>	<b>\$2,085,356</b>	<b>14.8%</b>
Salary Differential	-	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$16,189,519</b>	<b>\$14,104,163</b>	<b>\$9,732,695</b>	<b>\$14,094,252</b>	<b>(\$9,911)</b>	<b>-0.07%</b>	<b>\$2,085,356</b>	<b>14.8%</b>

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

INVESTMENT OFFICE

2021-2022 BUDGET

FILLED POSITIONS	# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
00493A CHIEF INVESTMENT OFFICER (UC)	1	LR28	56,266	675,187
00495A PRINCIPAL INVESTMENT OFFICER	1	LR23	38,813	465,760
00496A PRINCIPAL INVESTMENT OFFICER (UC)	4	LR23	126,717	1,520,608
00492A SENIOR INVESTMENT OFFICER	4	LR20	95,134	1,141,611
00769A FINANCE ANALYST III	12	LR16	228,004	2,736,048
00768A FINANCE ANALYST II	11	LR12	140,768	1,689,210
00767A FINANCE ANALYST I	3	105E	28,441	341,293
00441A SENIOR MANAGEMENT SECRETARY	1	97G	7,739	92,863
00439A SENIOR SECRETARY	3	89G	18,688	224,250

POSITIONS 40 8,886,830

VACANT POSITIONS	# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
99999A DEPUTY CHIEF INVESTMENT OFFICER (UC) Ø	1	LR24	25,144	301,726			150,863
00495A PRINCIPAL INVESTMENT OFFICER	1	LR23	23,390	280,676	280,676		
00769A FINANCE ANALYST III	3	LR16	14,098	169,179	507,536		

788,212 0 150,863

POSITIONS 5 939,075

TOTAL POSITIONS 45

GROSS SALARIES 9,825,905

ANTICIPATED MOU SALARY INCREASE\*\* 0

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 246,853

BONUS 190,806

120-DAY RETIREE(S) 0

TOTAL SALARIES 10,263,564

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 Ø Pending Board of Supervisors approval and is calculated at 6 months or 50% filled.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**INVESTMENT OFFICE**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$141,000</b>	\$120,000	\$140	\$300	(\$119,700)	-99.8%	\$21,000	17.5%
OFFICE SUPPLIES & EQUIPMENT	<b>4,500</b>	5,000	1,087	1,500	(3,500)	-70.0%	(500)	-10.0%
EDUCATIONAL EXPENSES	<b>116,000</b>	104,800	82,816	92,000	(12,800)	-12.2%	11,200	10.7%
MISCELLANEOUS	<b>7,000</b>	7,500	547	1,000	(6,500)	-86.7%	(500)	-6.7%
TOTAL	<b>\$268,500</b>	\$237,300	\$84,589	\$94,800	(\$142,500)	-60.1%	\$31,200	13.1%

\*All amounts rounded to the nearest dollar.





**Mission**

To provide timely and effective legal representation, advice, and counsel at the highest professional level to LACERA, the Board of Retirement and the Board of Investments, and executive management and staff.

**INTRODUCTION**

The Legal Services Office provides comprehensive legal services to LACERA and its Boards and staff. These services currently are provided through the Chief Counsel, four sections within the Office (Benefits, Disability, Investments and Commercial Contracts, and Litigation and Employment), and the Legislative Affairs Officer.

While the Office is performing well now across its areas of specialization, our staffing must evolve over time to meet the changing needs of the organization. Our staffing challenges fall in the areas of (1) Benefits, to ensure adequate expert legal resources into the future, (2) Investments and Contracts, to ensure that we keep up with the sophistication of investment and commercial contracting operations and build our in-house resources so that we further reduce the use of outside counsel, and (3) Compliance, to bolster the operational lines within the organization by providing a compliance leader to work with subject matter experts in LACERA’s other divisions. To maintain austerity in recent years, the Office has deferred needed budget requests in these areas.

The Office’s FY 2021-2022 budget continues to include the Principal Counsel positions not yet approved by the Board of Supervisors. These positions were approved by the Boards in 2017.

Even as the Office’s staffing grows in capability and as demand for legal services within the organization continues to expand we will strive in FY 2021-2022 to be more efficient. Therefore, we have increased the Services and Supplies budget only to reflect the proposed greater headcount.

## **STAFFING**

### **A. New Positions**

The Office's FY 2021-2022 budget addresses four categories of positions that are needed to ensure that the Office continues to provide excellent legal services to the Boards, staff in all Divisions, and members and to meet organizational changes in other parts of LACERA, such as the Executive Office, Investments, and the new organizational chart proposed by the Chief Executive Office. The current structure is over fifteen years old. LACERA has greatly changed during that time, as has the legal landscape and the sophistication of the services that the Office's clients in the organization require. The requested positions will help establish to foundation on which the Office can build to meet the challenges of the future.

1. **Senior Staff Counsel.** The Office proposes that the budget add one additional Senior Staff Counsel for the Investments and Contracts Section to support investments and commercial transactions work. Currently, this section of the Office has eight staff members, including one Senior Staff Counsel and two Staff Counsel (and one vacant Staff Counsel to be filled), supporting billions of dollars of investment transactions and millions of dollars in commercial contracts annually. The investment component of the Office's work has and will continue to experience increasing volume as the management of the portfolio has increased in complexity, particularly with direct investments, and as the size of the Investment Office has grown. The Office requires another Senior Staff Counsel to supervise and perform investment and commercial work. The Legal Office has recruited two high quality Staff Counsel in the past few years to support investment legal work. One of these attorneys has left to join the Investment Office. We also have an experienced Staff Counsel supporting commercial transactions. In order to retain excellent attorneys and recruit additional well-credentialed and experienced attorneys in the future, the Legal Office must be able to offer a promotional path to Senior Staff Counsel. The last promotion to Senior Staff Counsel in the Office was nine years ago, in 2012. Both to support growing legal work and the development of our existing attorneys, a Senior Staff Counsel position in the Investment Section of the Legal Office is justified for the FY 2021-2022 budget.

Currently, the Los Angeles County compensation ordinance provides for only ten authorized Senior Staff Counsel to support the Legal Office and the Disability Litigation Office. Eight of these positions are currently filled between the two offices. The new position proposed above will bring the total of filled positions to nine. To support continued support for organizational needs across the sections of the Office, the Office proposes that the number of authorized positions be increased from ten to twelve. This request has no immediate budget impact. However, it is important to prepare for the future.

2. **Staff Counsel.** The Legal Office requests the addition of one Staff Counsel in the Benefits Section. The Benefits Section of the Office currently has five staff members, including one Senior Staff Counsel and one Staff Counsel, supporting benefits issues raised from throughout the organization, including the Executive

Office and the Member Services, Benefits, and Quality Assurance Divisions, and other divisions as needed, and responding to direct inquiries from members and from the plan sponsor. LACERA is fortunate to have one the preeminent CERL attorneys currently serving as its Senior Staff Counsel, with over 25 years of experience and service. While her retirement is not schedule, it is on the horizon in the next several years and LACERA must prepare. Well-qualified CERL lawyers cannot be recruited because there is not sufficient supply of such attorneys in the market; they must be trained in house at LACERA. It takes many years to become proficient in the CERL. Therefore, the Legal Office must begin to prepare those lawyers now. While we have one Staff Counsel currently, another is needed to be trained by our Senior Staff Counsel while she is still with the organization. In addition to succession planning, a second Staff Counsel is needed to support the growing Benefits works in the Legal Division. The increase in workload has added a week or more to response times for certain time-sensitive staff and member requests, which is not in the interest of LACERA or its members. Another Staff Counsel will mitigate this issue and help maintain the Benefit Section's historical prompt service levels. For these reasons, the FY 2021-2022 budget proposes the addition of one additional Staff Counsel in the Benefits Section.

The compensation ordinance includes five authorized Staff Counsel positions. The Legal Office currently has four filled positions and one authorized vacant position which is expected to be filled soon, thereby exhausting the currently authorized number of positions. To support the requested new Staff Counsel for the Benefits Section and anticipate future growth, the Legal Office proposes that the authorized number be increased to seven. The seventh position is needed to prepare for the future and will have no immediate budget impact.

## **B. Positions Pending County Approval**

The following positions require action by the Board of Supervisors. They are not funded in the FY 2021-2022 budget. They will be added in the mid-year budget adjustment once approved.

- 1. *Principal Counsel.*** Two positions were approved by the Boards in 2017. They have not yet been approved by the Board of Supervisors. These positions will enable better management of the Office by freeing Chief Counsel to focus on strategic planning with the Executive Office and the managers of LACERA's other divisions, enhancing the development of higher-level expertise and management experience within the Legal Office, and improving succession planning. The Principal Staff Counsel will, between them, provide substantive oversight of the sections in the office. Currently, the Chief Counsel must personally and directly oversee work in all sections, which detracts from the time available for strategic planning, the most important legal issues across the sections, and the increasingly complex governance issues raised by the Boards. With the increase in the amount and complexity of legal issues in the organization since 2017, the need for these positions is greater now than it was then.

2. **Director of Compliance.** This position has been previously discussed with the Boards. However, it has not been proposed to be filled in the past three budgets to assist in austerity measures. Action by the Board of Supervisors is required to add the position to the compensation ordinance. A compliance director will further the organization's operational and investment compliance by providing dedicated expertise and full-time commitment to the compliance function, which is currently spread throughout the Legal Office and even other parts of the organization. The strengthening of LACERA's compliance by adding a dedicated position to supplement the compliance efforts of management and Internal Audit. A Director of Compliance will enable LACERA to implement a compliance structure in line with the Institute of internal Auditor's "three lines" model of compliance, with the first line being the delivery of services and support for services, the second line being management of risk, and the third line being the independent role of Internal Audit. A Director of Compliance fits within the second line, which currently does not have dedicated staff at LACERA, although a variety of staff give some attention to the issue. The Director of Compliance should be funded in FY 2021-2022.

### C. Classification Studies

The Office's organizational chart includes two classification studies that continue studies approved in prior years. These studies are intended to provide the Office with the ability to place staff in positions that accurately reflect their level of expertise, performance, and responsibility.

1. **Staff Counsel.** The organizational chart for the Legal Services Office shows a classification study for Staff Counsel in all sections of the Office so that promotional opportunities are available as may be warranted by performance and responsibilities. The Senior Staff Counsel position is an existing classification. Accordingly, this study will evaluate the work of the Staff Counsel position in these sections to determine if they conform to the requirements of the Senior Staff Counsel classification. This study is important to ensure that staff are properly placed. This study was approved in past years and has now been completed. The results support the need for an additional Senior Staff Counsel in the Transactions Section of the office.
2. **Legal Analyst.** The Legal Analysts in the Office are being studied to determine whether a Senior Legal Analyst classification is warranted above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections. Legal Analysts perform paralegal work, and they assist the Office's attorneys in analyzing legal and factual issues, processing investments contracts, member benefit and disability issues, court documents, other matters, and interfacing with LACERA staff, members, and vendors. The new Senior Legal Analyst position, if warranted, would be used to recognize that certain Legal Analysts may come to have a supervisory role, perform more complex work (including legal work when the analyst possesses the necessary training), and have a higher degree of responsibility and interaction with internal clients, outside counsel, members, and/or opposing parties. These additional responsibilities require a higher level of expertise, experience, and performance. This study was approved in past years

and has now been completed. No staffing changes are currently required as a result of this study.

#### **D. Temporary Services and Overtime**

The Agency Temporary budget for FY 2021-2022 will provide for temporary staff to cover Legal Office needs, such as potential attorney and clerical assistance for special projects and coverage for administrative staff absences on medical leave. The Office also needs overtime from time to time throughout the year to support secretarial and Legal Analyst staff in the Investment Section of the Legal Office in keeping up with the very high volume and time-sensitive demands of the organization's investment work, in the Benefits Section of the Office to cover March Madness and other member service needs, and to complete compliance projects and other special assignments. However, the Office will continue to be efficient in the use of temporary staff and overtime and authorizes requests in these areas only when there is demonstrated need to complete work necessary to fulfill LACERA's Mission.

#### **SERVICES AND SUPPLIES**

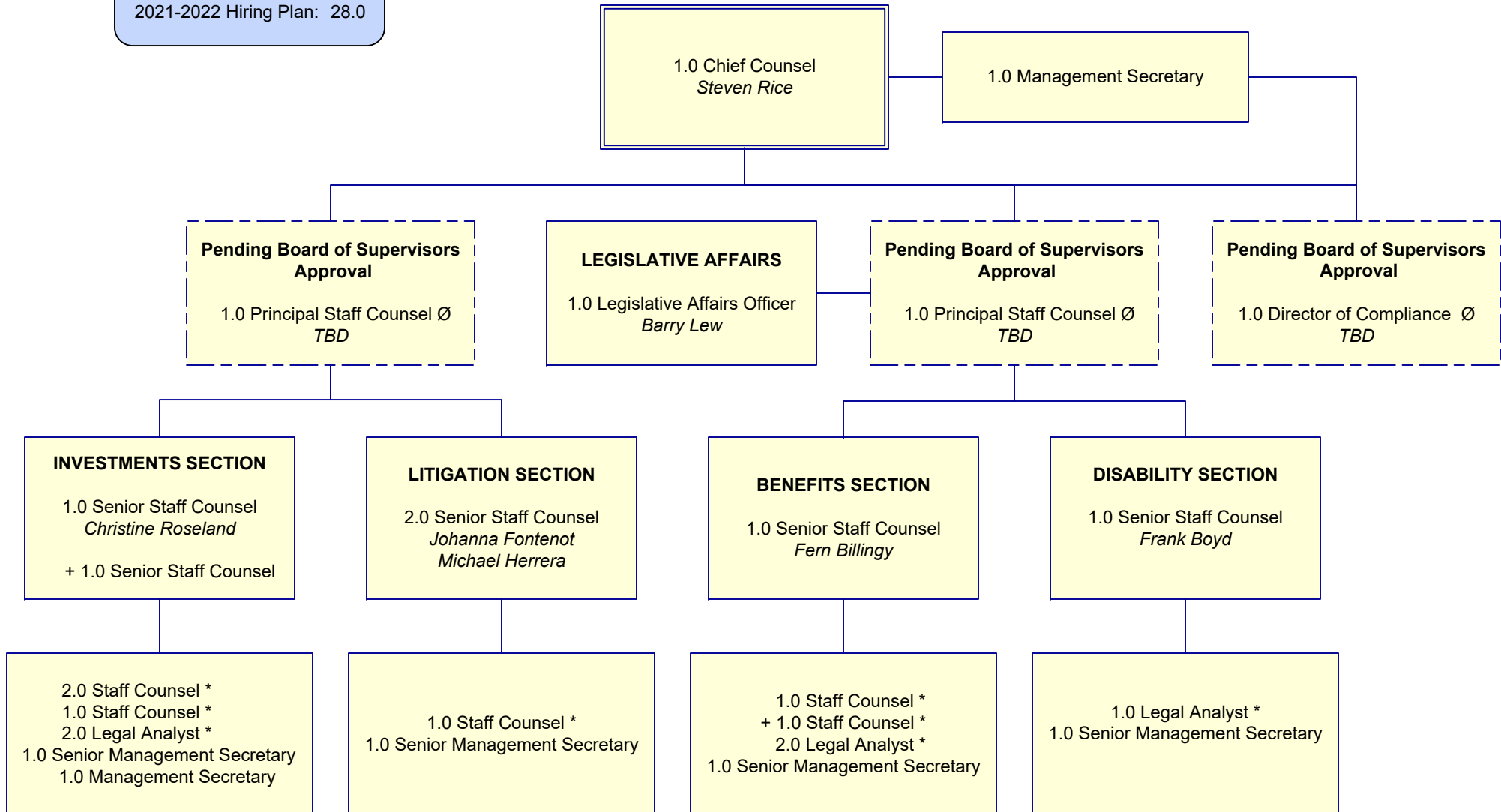
The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount. LACERA will continue to be efficient across the board in FY 2021-2022, primarily through a focus on efficiency, continued reduction in the physical hard copy library in favor of electronic resources, and allocation of education opportunities and organizational memberships to minimize if not eliminate travel, avoid duplication, increase the sharing of knowledge and information, and better management of outside legal resources.

Outside Legal Resources is a difficult category to budget and control because it is dependent on unpredictable contingencies and claims as well as Board issues that may arise, the Office proposes an increase in FY 2021-2022 to recognize recent trends in outside counsel usage, while at the same time committing to manage outside counsel assignments to manage cost.

# LEGAL SERVICES

## FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 26.0  
 2020-2021 Hiring Plan: 24.0  
 2021-2022 Bud. Pos.: 28.0  
 2021-2022 Hiring Plan: 28.0



+ Added position

\* Classification study for the position requested

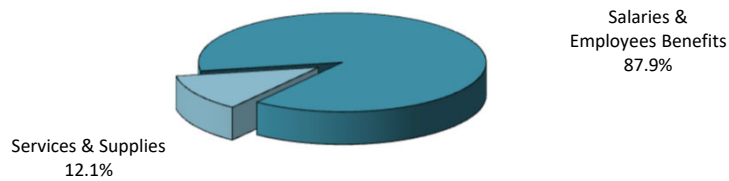
Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments and Litigation Team, 1.0 Principal Staff Counsel in Benefits and Disability Team, & 1.0 Director of Compliance in Legal Services)

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**LEGAL SERVICES**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21) PROJECTION	BUDGET	% CHANGE			
Salaries & Employees Benefits	\$6,108,955	\$5,592,106	\$3,568,649	\$5,465,289	(\$126,817)	-2.3%	\$516,849	9.2%
Services & Supplies	840,100	780,100	810,062	1,111,200	331,100	42.4%	60,000	7.7%
<b>OPERATING BUDGET</b>	<b>\$6,949,055</b>	<b>\$6,372,206</b>	<b>\$4,378,711</b>	<b>\$6,576,489</b>	<b>\$204,283</b>	<b>3.2%</b>	<b>\$576,849</b>	<b>9.1%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$3,588,077</b>	\$3,419,765	\$2,148,865	\$3,310,390	(\$109,375)	-3.2%	\$168,312	4.9%
<b>Total Agency Temp Salaries</b>	<b>85,400</b>	53,500	57,562	67,500	14,000	26.2%	31,900	59.6%
<b>Employee Benefits (Variable)</b>	<b>2,092,770</b>	1,793,865	1,137,868	1,770,741	(23,124)	-1.3%	298,905	16.7%
<b>Employee Benefits (Other)</b>	<b>214,441</b>	217,052	151,363	214,880	(2,172)	-1.0%	(2,611)	-1.2%
<b>OPEB Contribution</b>	<b>105,267</b>	90,524	67,316	86,878	(3,646)	-4.0%	14,743	16.3%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>18,100</b>	12,500	4,026	12,500	0	0.0%	5,600	44.8%
<b>Bilingual Bonus</b>	<b>2,400</b>	2,400	1,650	2,400	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Rideshare Allowance</b>	<b>2,500</b>	2,500	0	0	(2,500)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$6,108,955</b>	\$5,592,106	\$3,568,649	\$5,465,289	(\$126,817)	-2.3%	\$516,849	9.2%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$6,108,955</b>	\$5,592,106	\$3,568,649	\$5,465,289	(\$126,817)	-2.3%	\$516,849	9.2%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.



LACERA  
FISCAL YEAR 2021-2022  
SALARIES

LEGAL SERVICES

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT
09216A	CHIEF COUNSEL	1	LS19	26,509	318,109
09213A	SENIOR STAFF COUNSEL	5	LS16	103,564	1,242,764
09212A	STAFF COUNSEL	3	LS12	44,726	536,709
00795A	LEGISLATIVE AFFAIRS OFFICERS	1	113B	11,795	141,544
09235A	LEGAL ANALYST	5	99L	39,641	475,686
00441A	SENIOR MANAGEMENT SECRETARY	3	97G	21,377	256,529
00440A	MANAGEMENT SECRETARY	2	93G	13,699	164,393

POSITIONS 20 3,135,734

VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
99999A	PRINCIPAL STAFF COUNSEL Ø	2	LS17	15,156	181,867			
99999A	DIRECTOR OF COMPLIANCE Ø	1	LS16	14,098	169,179			
09213A	SENIOR STAFF COUNSEL	1	LS16	14,098	169,179			84,589
09212A	STAFF COUNSEL	3	LS12	10,557	126,681	126,681		126,681
00441A	SENIOR MANAGEMENT SECRETARY	1	97G	5,900	70,803			35,402
						126,681	0	246,672

POSITIONS 8 373,353

TOTAL POSITIONS 28

GROSS SALARIES 3,509,087

ANTICIPATED MOU SALARY INCREASE\*\* 0

ANTICIPATED STEP AND/OR MERIT SALARY INCREASE 71,205

BONUS 7,785

120-DAY RETIREE(S) 0

TOTAL SALARIES 3,588,077

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 Ø Pending Board of Supervisors approval.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**LEGAL SERVICES**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
AUTO EXPENSE	\$4,400	\$3,400	\$524	\$2,920	(\$480)	-14.1%	\$1,000	29.4%
TRANSPORTATION & TRAVEL	26,400	10,000	0	0	(10,000)	-100.0%	16,400	164.0%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	1,581	2,200	(3,800)	-63.3%	0	0.0%
PROFESSIONAL & SPEC. SRVCS.	252,300	273,700	213,186	273,680	(20)	0.0%	(21,400)	-7.8%
LEGAL FEES & SERVICES	445,000	395,000	523,485	745,200	350,200	88.7%	50,000	12.7%
EDUCATIONAL EXPENSES	103,000	90,000	71,262	87,000	(3,000)	-3.3%	13,000	14.4%
MISCELLANEOUS	3,000	2,000	23	200	(1,800)	-90.0%	1,000	50.0%
TOTAL	\$840,100	\$780,100	\$810,062	\$1,111,200	\$331,100	42.4%	\$60,000	7.7%

\*All amounts rounded to the nearest dollar.



**Mission**

To provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We will strive at all times to provide accurate, clear, and common-language explanations of all plans, plans options, purchases, purchase options, and retirement-related issues. We will strive to function as a team working together to fulfill our assigned mission of servicing members.

**INTRODUCTION**

Through the challenges presented by the COVID pandemic, Member Services, with the support of all LACERA, was able to innovate and create new channels of service that includes virtual counseling, webinars and a Call Center where Specialists can efficiently provide service while working remotely. We will continue to offer these service channels to our more than 184,000 members, survivors and beneficiaries, as well as offering traditional channels of service, such as in person counseling at our Member Services Center while ensuring the safety of our staff members and visiting members.

Member Services goal for FY 2021-2022 is to fully staff all 79 positions our Board of Retirement has authorized for our Division. Member Services is not asking for more positions this fiscal year.

**STAFFING**

For fiscal year 2021-2022 Member Services is not asking for more positions beyond the 79 positions it has been provided by the Board of Retirement. We have openings due to staff member retirements and promotional opportunities in LACERA. Many of our vacancies will be filled in the future from our next Core Benefits Training class that is scheduled to begin early August 2021.

## **Overtime**

The requested overtime budget for Fiscal Year 2021-2022 is \$133,800 which is like the pre-COVID pandemic expenditures of Fiscal Year 2017-2018 and Fiscal Year 2018-2019. For this fiscal year, our Overtime budget will be used primarily to expand services on most Saturdays during the March Madness retirement season (December to April). One of the many Member Services innovations during the past fiscal year was the introduction of Saturday Call Center Services. Since Saturday is currently not a regular workday for Member Services staff members, Saturday Call Center service is supported entirely through our Overtime budget.

## **Agency Temporary Employees**

Member Services is staffed by permanent Retirement Benefit Specialists and does not employ Agency Temporary employees.

## **SERVICES AND SUPPLIES**

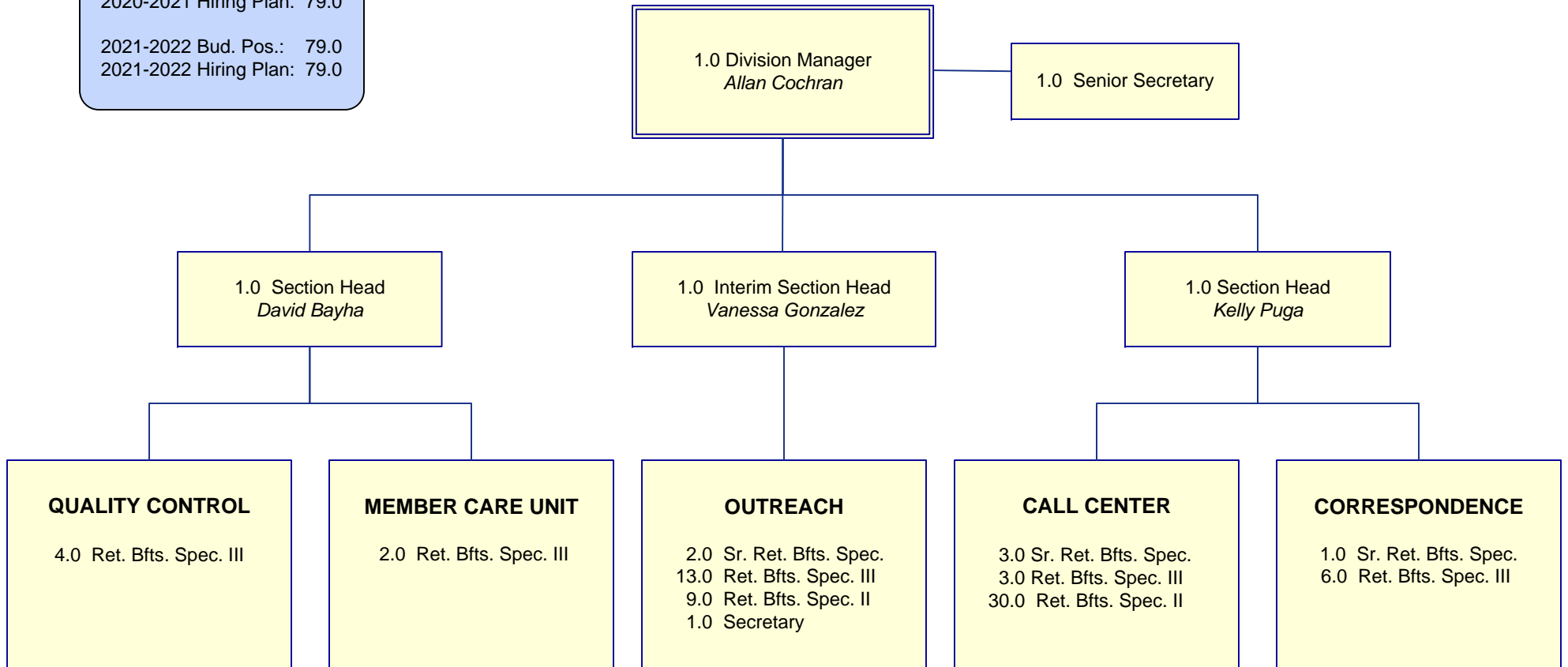
The services and supplies budget request are like past years and based on actual and historical expenditure trends.

# MEMBER SERVICES DIVISION

FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 79.0  
2020-2021 Hiring Plan: 79.0

2021-2022 Bud. Pos.: 79.0  
2021-2022 Hiring Plan: 79.0

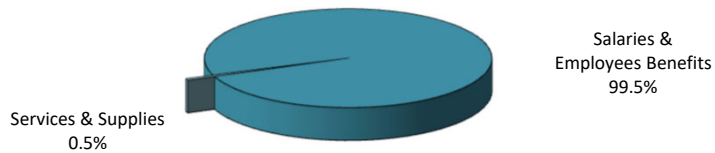


**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**MEMBER SERVICES**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
Salaries & Employees Benefits	\$10,331,305	\$9,691,407	\$6,128,347	\$9,310,354	(\$381,053)	-3.9%	\$639,898	6.6%
Services & Supplies	55,500	51,000	670	2,519	(48,481)	-95.1%	4,500	8.8%
<b>OPERATING BUDGET</b>	<b>\$10,386,805</b>	<b>\$9,742,407</b>	<b>\$6,129,017</b>	<b>\$9,312,873</b>	<b>(\$429,534)</b>	<b>-4.4%</b>	<b>\$644,398</b>	<b>6.6%</b>

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**MEMBER SERVICES**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$6,147,368</b>	\$6,006,252	\$3,702,832	\$5,708,425	(\$297,827)	-5.0%	\$141,116	2.3%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>3,460,588</b>	2,994,104	1,901,301	2,904,109	(89,995)	-3.0%	466,484	15.6%
<b>Employee Benefits (Other)</b>	<b>367,397</b>	369,603	260,446	365,907	(3,696)	-1.0%	(2,206)	-0.6%
<b>OPEB Contribution</b>	<b>180,351</b>	154,147	127,037	173,183	19,036	12.3%	26,204	17.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>133,800</b>	130,500	113,451	130,500	0	0.0%	3,300	2.5%
<b>Bilingual Bonus</b>	<b>16,800</b>	16,800	9,350	14,300	(2,500)	-14.9%	0	0.0%
<b>Sick Leave Buyback</b>	<b>15,000</b>	10,000	13,850	13,850	3,850	38.5%	5,000	50.0%
<b>Rideshare Allowance</b>	<b>10,000</b>	10,000	80	80	(9,920)	-99.2%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$10,331,305</b>	\$9,691,407	\$6,128,347	\$9,310,354	(\$381,053)	-3.9%	\$639,898	6.6%
<b>Salary Differential **</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$10,331,305</b>	\$9,691,407	\$6,128,347	\$9,310,354	(\$381,053)	-3.9%	\$639,898	6.6%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

MEMBER SERVICES

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00773A	DIVISION MANAGER	1	LS12	14,187	170,249			
00772A	SECTION HEAD, LACERA	2	LS9	21,614	259,370			
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	5	101F	41,959	503,511			
01311A	RETIREMENT BENEFITS SPECIALIST III	23	96A	164,582	1,974,984			
00439A	SENIOR SECRETARY	1	89G	6,062	72,750			
01310A	RETIREMENT BENEFITS SPECIALIST II	37	89F	200,750	2,408,998			
POSITIONS		69			5,389,861			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00772A	SECTION HEAD, LACERA	1	LS9	8,498	101,973			50,987
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	1	101F	6,560	78,719	78,719		
01311A	RETIREMENT BENEFITS SPECIALIST III	5	96A	5,657	67,884	339,420		
01310A	RETIREMENT BENEFITS SPECIALIST II	2	89F	4,738	56,852		85,278	
00438A	SECRETARY	1	83D	4,007	48,081	48,081		
POSITIONS		10			602,484	466,220	85,278	50,987
TOTAL POSITIONS		79						
GROSS SALARIES					5,992,345			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					138,430			
BONUS					16,594			
120-DAY RETIREE(S)					0			
TOTAL SALARIES					6,147,368			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.



**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**MEMBER SERVICES**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$21,700</b>	\$5,000	\$119	\$119	(\$4,881)	-97.6%	\$16,700	334.0%
OFFICE SUPPLIES & EQUIPMENT	<b>12,500</b>	15,000	500	800	(14,200)	-94.7%	(2,500)	-16.7%
EDUCATIONAL EXPENSES	<b>16,500</b>	21,500	50	1,300	(20,200)	-94.0%	(5,000)	-23.3%
MISCELLANEOUS	<b>4,800</b>	9,500	0	300	(9,200)	-96.8%	(4,700)	-49.5%
TOTAL	<b>\$55,500</b>	<b>\$51,000</b>	<b>\$670</b>	<b>\$2,519</b>	<b>(\$48,481)</b>	<b>-95.1%</b>	<b>\$4,500</b>	<b>8.8%</b>

\*All amounts rounded to the nearest dollar.



**Mission**

To provide the promised benefits to our members in a timely and accurate manner by training and monitoring staff's quality and improving our business processes.

**INTRODUCTION**

The Quality Assurance & Metrics Division (QA) performs four main functions in service to LACERA's Member Operations Group (MOG), which are those Divisions that provide retirement benefit services to LACERA's members. QA's services consist of:

- Independent transactional audits of work processed by MOG staff for our members
- Technical benefits training for MOG staff, from new hires to veterans
- Developing performance metrics based upon new functions in Workspace
- Special projects as assigned by the Executive Office and consistent with QA's independent quality assurance function.

**Quality Auditing**

QA independently reviews and reports on the benefit-related business transactions performed by the MOG. The accuracy and completeness of business transactions are measured by audit criteria agreed established by QA and the Executive Office after consultation between QA and auditee Divisions. Audit criteria weigh compliance with the retirement law, financial risk to the fund, and quality of the work completed. The quality audit supports continual improvement initiatives by identifying audit trends, process performance, effectiveness of controls, and training needs.

QA compiles an annual report to the Board of Retirement on the preceding fiscal year on the overall accuracy and quality of the services LACERA members receive.

**Future Quality Audit Plans**

QA is reviewing current audit criteria with the auditee divisions with a view to triaging audit cases based primarily on risk. While risk has always been a criterion, QA is developing pre-completion, in addition to the traditional post-completion, audits, and these will be conducted by QA auditors and complemented by Supervisory reviews performed by the auditee's Supervisor and team Leads.

## **Employee Development**

To help support continuity of work quality, employee development, and performance improvement within LACERA, Quality Assurance offers three levels of training. Although these programs primarily serve the Benefits, Member Services, Disability Retirement Services, and Retiree Health Care Divisions, they are offered to all LACERA staff upon request.

The CORE Benefit Administration (CBA) Training program takes place over 12-months, alternating classroom instruction and practice with periods of actual processing of member requests. All training production work is checked 100% before being finalized. Training materials are reviewed and updated before each session to reflect changes in the retirement law, LACERA's business policies, and LACERA's Systems processing. In 2020, QA conducted our second such training with 13 participants, trained and evaluated by nine QA instructors on 22 Benefits processes. Even under the COVID conditions, trainees processed 2,951 cases with an overall accuracy of 96.37 percent during the production periods.

QA has developed eLearning modules to broaden our blended learning approach and continues to develop more using the Udemy and Articulate software tools, which has proven most effective. This offers a combination of interactive learning complimented with face-to-face learning as well as easily accessed refresher information.

This year, due to COVID exigencies, veteran refresher training was not conducted. ACE Pilot Phase II program resumed in August 2020. Before the COVID-19 crisis, QA had completed five of six ACE Technical modules and seven of eight business/leadership soft-skill courses. QA is currently in the final module Policy Production Project with PMG. The ACE program did conduct remote meetings for participants with Disability Retirement, Benefits PMG, and Benefits Death and Legal team. The ACE pilot program was completed in June 2020 and has led to a clear strategic path forward for the ACE program.

## **Future Training Plans**

QA will continue actively to convert all business process procedural information to the interactive eLearning format through Articulate.

The ACE program is being re-envisioned as specific training to produce Retirement Benefits Specialists who are qualified to perform an account analysis that can certify that the member's account is clean in all its data and does not require deep research prior to performing a transaction. Secondly, the ACE program will serve as the deep training needed for staff to perform the most complex benefit transactions.

## **Production Metrics**

QA is assembling a team to develop, in concert with LACERA's Systems Division, a program for extracting and presenting meaningful data from Workspace to assist the Member Operations Group and others in LACERA to fulfill their mission of Producing, Protecting and Providing the Promised Benefits to LACERA's members. This team will be headed by a Senior Quality Auditor. Initially, QA plans to employ 2 interns to assist in developing the necessary technology infrastructure and data presentation tools, as well as initial implementation throughout the Member Operations Group. Future staffing needs for this team will be revisited as it transitions to support more business analytics.

The objectives of the Metrics program are to support Member Operations Group:

1. Resource Planning and Budgeting
2. Process Improvement
3. Workload Management
4. Workforce Management

Performance of the Metrics program is measured based on its:

1. Efficiency
2. Reliability and accuracy
3. Usability

### **Special Projects**

QA engages in special projects assigned by the Executive Office which are appropriate for QA's skills and resources, and which do not compromise QA's standards of independence, objectivity, and professional ethics. For example, QA Senior Auditors analyze, test, and validate new procedures, calculations, legislation, and system benefit-calculation programming, such as beta testing the benefit calculation engine, validating mass contribution rate changes, validating member account adjustments for the felony conviction process, and analyzing new County pay codes. Pay code analysis can take from 90 minutes to several weeks depending upon availability of information, and the extent of coordination needed between LACERA's Quality Assurance, Legal Division, Executive Office, and the County Auditor Controller. The Quality Analysts also performed annual Census Testing of 30 randomly selected member records. The PEPRA Embedded Pay Codes Testing, PEPRA Final Compensation Testing, and Retro-Salary Adjustment projects are in process. Quality Assurance collaborates with other divisions to facilitate data clean-up projects as directed by LACERA's strategic goals.

### **Future Special Projects**

QA will develop improved communication intra- and inter-divisionally for tracking and reporting the status of service requests submitted to QA for audit and other varied requests. It is hoped that the methods QA develops for managing special projects can be leveraged for the greater good of the MOG.

### **Successes**

QA has continued to function effectively during the COVID relocation of staff to teleworking offsite.

The reports given above for audit, training and special projects document the successes achieved by the QA & Metrics Division.

### **Challenges**

This year the primary challenge has been coping with relocation of staff offsite due to the COVID health concerns. All of QA's work has been impacted in how it is conducted and reported from a distance and how communication can be coordinated between auditor and auditee. All insights garnered through the COVID changes to business operations have propelled QA into its revision of the audit and of the collection and reporting of data.

QA are developing priorities for completing eLearning modules and posting them online as well as organize easy access catalog of available courses and record online participation. QA has obtained the software licenses to pursue this goal and may need more.

In addition, as related to COVID, QA needs scanning technology to communicate e-documents for necessary approvals as well as to digitize training record documents to improve record keeping.

QA has the challenge of creating a shared database for the processing and audit of work objects from staff selection through the audit process to sending the completed member request. This is a temporary solution, a necessary bridge for the audit process until the Workspace workflow functions now being developed by Systems become available. QA is working closely with Systems to ensure the data and the movement of the data will work well for auditor and auditee.

### **STAFFING REQUEST**

There are currently four vacancies in Quality Assurance. When filled, these four vacancies will have the following responsibilities:

- Two will supervise the QA Audit functions, each with a team of up to six auditors
- One will supervisor a new Metrics function currently under development
- One will supervise the QA Training function

We expect to fill three of these vacancies in FY 2020-2021. We anticipate filling the fourth vacant Senior Quality Auditor vacancy in FY 2021-2022.

One QA staff member entered the LDP program in November 2019 for a 6-month period. This staff member has remained with the Administrative Services Division to date, due to unavoidable staff absence. QA would like the return of its staff member as soon as can be arranged.

If available, it was mentioned that possibly two interns might be available. QA would like to consider that option for FY 2021-2022, especially with respect to the development and implementation of new metrics and training.

### **SERVICES AND SUPPLIES**

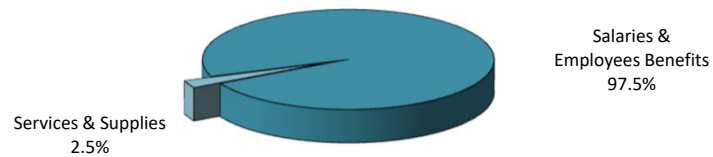
Our request for services and supplies has decreased based on divisional restructuring for lean operating efficiency and to changes from physical travel for staff training purposes to online training.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**QUALITY ASSURANCE**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$3,334,939</b>	\$3,183,593	\$2,040,646	\$3,040,449	(\$143,144)	-4.5%	\$151,346	4.8%
<b>Services &amp; Supplies</b>	<b>83,900</b>	91,500	4,925	58,016	(33,484)	-36.6%	(7,600)	-8.3%
<b>OPERATING BUDGET</b>	<b>\$3,418,839</b>	\$3,275,093	\$2,045,570	\$3,098,465	(\$176,628)	-5.4%	\$143,746	4.4%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

**QUALITY ASSURANCE**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		<b>YTD</b>			<b>OVER/(UNDER)</b>		<b>\$ CHANGE</b>	<b>% CHANGE</b>
		<b>BUDGET</b>	<b>(03-31-21)</b>	<b>PROJECTION</b>	<b>BUDGET</b>	<b>% CHANGE</b>		
<b>Total LACERA Salaries</b>	<b>\$1,968,269</b>	\$1,930,095	\$1,243,395	\$1,839,468	(\$90,627)	-4.7%	\$38,174	2.0%
<b>Total Agency Temp Salaries</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Employee Benefits (Variable)</b>	<b>1,166,791</b>	1,077,459	664,193	1,013,438	(64,021)	-5.9%	89,332	8.3%
<b>Employee Benefits (Other)</b>	<b>117,634</b>	122,675	85,548	121,448	(1,227)	-1.0%	(5,041)	-4.1%
<b>OPEB Contribution</b>	<b>57,745</b>	51,163	45,286	62,760	11,597	22.7%	6,582	12.9%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>21,300</b>	0	2,224	3,335	3,335	0.0%	21,300	0.0%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>1,000</b>	0	0	0	0	0.0%	1,000	0.0%
<b>Rideshare Allowance</b>	<b>2,200</b>	2,200	0	0	(2,200)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$3,334,939</b>	\$3,183,593	\$2,040,646	\$3,040,449	(\$143,144)	-4.5%	\$151,346	4.8%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$3,334,939</b>	\$3,183,593	\$2,040,646	\$3,040,449	(\$143,144)	-4.5%	\$151,346	4.8%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

QUALITY ASSURANCE

2021-2022 BUDGET

<u>FILLED POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>ACTUAL MO. RATE</u>	<u>ANNUAL AMOUNT</u>			
00780A	CHIEF, QUALITY ASSURANCE	1	LS12	15,742	188,908			
00798A	SENIOR QUALITY AUDITOR	1	106A	9,471	113,652			
00797A	QUALITY AUDITOR II	11	100K	91,021	1,092,249			
00427A	STAFF ASSISTANT II	1	92E	5,127	61,523			
00439A	SENIOR SECRETARY	1	89G	6,229	74,750			
	<b>POSITIONS</b>	<b>15</b>			<b>1,531,083</b>			
<u>VACANT POSITIONS</u>		<u># POS.</u>	<u>SCHEDULE</u>	<u>1ST STEP MO. RATE</u>	<u>ANNUAL AMOUNT</u>	<u>FILLED AT 12 MONTHS</u>	<u>FILLED AT 9 MONTHS</u>	<u>FILLED AT 6 MONTHS</u>
00798A	SENIOR QUALITY AUDITOR	4	106A	7,420	89,040	356,160		
	<b>POSITIONS</b>	<b>4</b>			<b>356,160</b>	<b>356,160</b>	<b>0</b>	<b>0</b>
	<b>TOTAL POSITIONS</b>	<b>19</b>						
	<b>GROSS SALARIES</b>				<b>1,887,243</b>			
	<b>ANTICIPATED MOU SALARY INCREASE**</b>				<b>0</b>			
	<b>ANTICIPATED STEP AND/OR MERIT SALARY INCREASE</b>				<b>14,058</b>			
	<b>BONUS</b>				<b>66,968</b>			
	<b>120-DAY RETIREE(S)</b>				<b>0</b>			
	<b>TOTAL SALARIES</b>				<b>1,968,269</b>			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.



**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**QUALITY ASSURANCE**

<b>ACCOUNT CLASSIFICATION</b>	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		OVER/(UNDER)	
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE	\$ CHANGE	% CHANGE
TRANSPORTATION & TRAVEL	<b>\$12,000</b>	\$9,000	\$716	\$716	(\$8,284)	-92.0%	\$3,000	33.3%
OFFICE SUPPLIES & EQUIPMENT	<b>2,000</b>	3,000	369	600	(2,400)	-80.0%	(1,000)	-33.3%
PROFESSIONAL & SPECIALIZED SERVICES	<b>50,000</b>	50,000	0	50,000	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	<b>19,500</b>	28,800	3,840	6,500	(22,300)	-77.4%	(9,300)	-32.3%
MISCELLANEOUS	<b>400</b>	700	0	200	(500)	-71.4%	(300)	-42.9%
<b>TOTAL</b>	<b>\$83,900</b>	<b>\$91,500</b>	<b>\$4,925</b>	<b>\$58,016</b>	<b>(\$33,484)</b>	<b>-36.6%</b>	<b>(\$7,600)</b>	<b>-8.3%</b>

\*All amounts rounded to the nearest dollar.



**Mission**

The Systems Division (Systems) oversees all aspects of information technology for LACERA. Systems provides technology support services and creates innovative application solutions to assist the organization in meeting our commitment to protect, produce, and provide the promised benefits to our members.

**INTRODUCTION**

In support of the LACERA’s mission to strengthen, modernize, and build a world-class technological infrastructure, Systems has implemented new remote computing capabilities, cloud-hosted services, better systems redundancies, and stronger cybersecurity features. This budget request for fiscal year 2021-2022 reflects the divisions ongoing commitment to provide the highest level of end user support to our internal customers. This budget will also provide the organization with the resources needed to address disruptive cyber incidents, improve our cybersecurity program, and modernize the enterprise authentication and authorization capabilities.

**STAFFING**

The Systems Division is continuing to evaluate and make appropriate staffing adjustments necessary to ensure we have the proper resources to meet our commitments, support LACERA’s mission, and to create the most efficient, productive, and secure enterprise.

The Systems Division is requesting the addition of three ordinance positions to the budget. We will also be moving five Systems Division positions to a newly created division, Information Security, which will reside under the Executive Office. Finally, we will be removing two Programming Systems Specialists positions, which are no longer needed. These requests will result in a net change of four positions removed from the Systems Division budget:

Positions Requested for FY 2021/2022:	3
Positions Moved to Information Security (under Executive Office)	(5)
Positions Removed FY 2021/2022:	(2)
<b>Net Change:</b>	<b>(4)</b>

The three ordinance positions that we are requesting are Data Systems Analyst I (DSA I) positions; two for the Helpdesk and one for the Application Development and Business Solutions teams. The current Helpdesk consists of 4 permanent staff that service both the onsite and remote technological needs of the organization. On average, the Helpdesk receives approximately 30 requests per day (10 phone calls and 23 emails) or over 8000 requests annually to troubleshoot IT related issues. The current average response time for incoming requests is approximately 24 hours due to the varying complexity of issues that can take anywhere from 2 minutes to resolve or several days to research and identify the root cause. While we have been able to supplement the Helpdesk with temporary staffing, the additional permanent resources will ensure adequate coverage for the hybrid workforce and support management's initiative to reduce the backlog of unresolved tickets and decrease our average response time by 25%. In addition, the Systems Division needs a leadership pipeline. The Helpdesk is also a good introduction to all services provided by our division and is an effective training group for IT leadership for motivated employees.

The Application Development and Business Solutions team supports our Pension Administration System that provides our members and their survivors the promised benefits. We are requesting an additional DSA I to join this group to support the retired member processes, learn the business rules and technology used to support our retired members, and provide a leadership pipeline for this critical business function.

To ensure the security of our data and systems, the Systems Division hired a Chief Information Security Officer (CISO) during the past fiscal year. The CISO in turn hired four information security specialists: one Security Intelligence Specialist, one Governance, Risk, and Compliance Specialist, and two Security Operations Analysts. The CISO and his team are responsible for establishing privacy policies and procedures, evaluating adherence to those policies and procedures, reviewing authorization and privacy control structures such as administrative access rights, and independently evaluating vendor security operational controls to make sure they are sufficiently in compliance with best practices. They are also responsible for educating LACERA staff on cybersecurity risks and best practices. The CISO position is currently budgeted in the Systems Division but reports directly to the Executive Office. In order for the Information Security team to carry out their core functions, they must be independent of the IT operations and all other divisions for which they provide security oversight. For this reason, we propose to move the five Information Security positions from our Systems division to the Executive Office with plans to create a new Division for the Information Security group at the mid-year budget.

## **OVERTIME**

The overtime budget is primarily allocated for

- 1) After-hour system maintenance and upgrades
- 2) Emergency system support

- 3) Support for Saturday Member Services and Benefits operations
- 4) Support for extended office hours during peak months

**SERVICES AND SUPPLIES**

LACERA’s budget aggregates all information technology expenditures, including those that are division-specific, within Systems budget. This provides centralized technology services to all divisions, sets LACERA’s technology standards, and coordinates and governs organization-wide technology related initiatives to improve planning and technology investments decisions.

The Systems Division’s services and supplies budget is intended to support the needs of the entire organization, and contains the following major components:

- Planning: Ensure LACERA’s IT processes support the organizations overall Strategic Plan, consolidate fragmented infrastructure and network appliances, develop, and update standard operating procedures, expand enterprise solutions, and redesign the delivery of services
- Maintenance: Product support, licensing fees, ongoing and established operational costs, etc.
- New Projects: Requirements gathering, workflow understanding and optimization, allocation for new systems, applications, products, or services.

The list of projects highlights Systems fiscal year 2021-2022 budget requests:

<b>Project</b>	<b>Total Cost</b>	<b>Description</b>
Telecommunications upgrade and Hosted Contact Center	\$250,000	Estimate to modernize our existing telecommunications infrastructure. This funding is requested to support LACERA’s telecommunications strategy both for our Pasadena Office and to acquire a world-class Member Service Contact Center solution that integrates with our existing Microsoft suite of products.
Uninterruptible Power Supply (UPS) upgrade	\$250,000	The UPS units that provide critical backup power to LACERA’s data centers during outages are at the end of life. This funding is requested to redesign and replace the existing units to create a redundant power system.
Member Case Management (Phase 2)	\$200,000	Estimate for the software & hardware (or hosted solution) plus professional implementation and consulting services. The case management solution will integrate with Workspace and the Member

		Portal and will be used by all member facing divisions. The total estimated costs for this project are \$300,000. \$100,000 was requested as part of the 2020/2021 mid-year adjustment and this \$200,000 represents Phase 2 of the project.
Administrative Workflow Management System (Phase 2)	\$200,000	Estimate for a workflow management system for administrative workflows, such as Human Resources, IT Service Management (ITSM), Security, Operations, and Governance, Risk and Compliance (GRC). The total estimated costs for this project are \$300,000. \$100,000 was requested as part of the 2020/2021 mid-year adjustment and this \$200,000 represents Phase 2 of the project.
Information/Cybersecurity	\$175,000	Estimate for evaluating technologies and/or methods to enhance the security and resiliency of our operational support systems against internal and external cyber threats. This will also protect the organization against the threat of cyberattacks by supporting concept studies and product demonstrations.
Contract Management System	\$150,000	Estimate of the implementation cost for an enterprise contract management system that will integrate with the organization's existing financial/accounting system and provide enhanced end user functionality.
Travel/Expense Management System	\$150,000	Estimate of the implementation cost for an enterprise travel/expense management system that will integrate with the organization's existing financial/accounting system and provide enhanced end user functionality.
Budget System Software Consulting Services	\$150,000	Estimate of the cost for a budget software consultant to redesign LACERA's budget process and recommend automated budget system software. This request goes hand in hand with the request for budget system software. LACERA's current budget process needs to be reengineered, and the use of an experienced consultant will

		ensure that the new process and the software selected will be optimal.
Budget System Software	\$140,000	Estimate of the implementation cost for a new budget system that will support the 100-day goal of reengineering the budget process. This cost was previously included in the midyear budget adjustments for FY 2020-21; however, the budget software team will not be able to complete the procurement process before the end of this fiscal year and will need to roll this money over to next fiscal year.
Continual IT equipment upgrade (Workstations, Laptops and Monitors)	\$100,000	Estimate for replacing end of life workstations, acquiring more laptops to further enhance mobile and teleworking capabilities, and provide dual monitors to all LACERA's workforce as needed.

2020-2021 Bud. Pos.: 60.0  
 2020-2021 Hiring Plan: 59.0  
 2021-2022 Bud. Pos.: 56.0  
 2021-2022 Hiring Plan: 56.0

# SYSTEMS DIVISION

## FISCAL YEAR 2021-2022

Pending Board of Supervisors Approval  
 1.0 Information Tech. Manager II Ø

1.0 Information Systems Manager  
*James Brekk*

1.0 Sr. Secretary

**INFORMATION SECURITY**  
 1.0 Chief Info. Security Officer

**SECURITY INTEL**  
 1.0 Info. Tech. Specialist II

**GOVERNANCE, RISK, COMPLIANCE**  
 1.0 Info. Tech. Specialist I

**SECURITY OPERATIONS**  
 1.0 Info. Tech. Specialist I  
 1.0 Data Systems Coordinator

**APPLICATIONS AND BUSINESS SOLUTIONS**  
 1.0 Asst. Info. Systems Manager

**SYSTEM ADMINISTRATION**  
 2.0 Info. Tech. Specialist II  
 2.0 Info. Tech. Specialist I  
 1.0 Ret. Systems Specialists  
 1.0 Data Systems Supervisor II  
 1.0 Data Systems Coordinator  
 2.0 Data Systems Analyst I

**OPERATIONAL APPLICATIONS**  
 1.0 Info. Tech. Specialist I  
 2.0 Ret. Systems Specialists  
 2.0 Data Systems Supervisor II  
 7.0 Data Systems Coordinator  
 2.0 Data Systems Analyst II  
 1.0 Data Systems Analyst I  
 + 1.0 Data Systems Analyst I  
 -2.0 Programming Systems Specialist

**ADMINISTRATIVE APPLICATIONS**  
 1.0 EDP Principal Programmer Analyst  
 1.0 Data Systems Analyst II

**INFRASTRUCTURE**  
 1.0 Asst. Info. Systems Manager

**SERVICE DESK**  
 1.0 Information Systems Manger I  
 3.0 Data Systems Coordinator  
 3.0 Data Systems Analyst II  
 + 2.0 Data Systems Analyst I  
 1.0 Staff Assistant I

**ENGINEERING**  
 1.0 Chief Technology Officer \*  
 2.0 Info. Tech. Specialist II  
 1.0 Info. Tech. Specialist I  
 2.0 Data Systems Coordinator

**TELCO / AV / DATA CENTER MGMT**  
 1.0 Info. Tech. Specialist II  
 1.0 Data Systems Coordinator

**PROJECT MANAGEMENT AND ADMINISTRATION**  
 1.0 Asst. Info. Systems Manager

**BUDGET / PROCUREMENT / CONTRACT ADMIN / INVENTORY/ TRAINING**  
 2.0 Info Tech. Manager I  
 1.0 Data Systems Supervisor II  
 2.0 Data Systems Analyst II

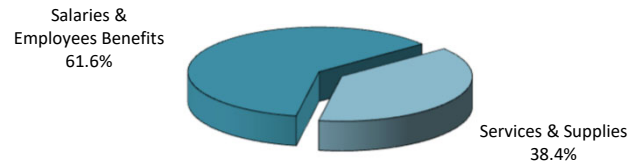
+ Added positions  
 — Deleted positions  
 \* Classification study for the position requested  
 Ø Not yet approved by Board of Supervisors

**LACERA**  
**FISCAL YEAR 2021-2022**  
**BUDGET SUMMARY**

**SYSTEMS DIVISION**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE	
	BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE			
<b>Salaries &amp; Employees Benefits</b>	<b>\$12,565,331</b>	\$12,109,828	\$6,979,607	\$10,997,959	(\$1,111,869)	-9.2%	\$455,503	3.8%
<b>Services &amp; Supplies</b>	<b>7,840,400</b>	8,182,800	3,586,126	8,265,640	82,840	1.0%	(342,400)	-4.2%
<b>OPERATING BUDGET</b>	<b>\$20,405,731</b>	\$20,292,628	\$10,565,733	\$19,263,599	(\$1,029,029)	-5.1%	\$113,103	0.6%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.



LACERA

FISCAL YEAR 2021-2022

SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		BUDGET	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE
			(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$6,381,630</b>	\$5,740,488	\$3,198,562	\$4,967,078	(\$773,410)	-13.5%	\$641,142	11.2%
<b>Total Agency Temp Salaries</b>	<b>1,762,500</b>	2,650,000	1,613,013	2,650,000	0	0.0%	(887,500)	-33.5%
<b>Employee Benefits (Variable)</b>	<b>3,698,379</b>	3,005,525	1,674,771	2,687,197	(318,328)	-10.6%	692,854	23.1%
<b>Employee Benefits (Other)</b>	<b>381,398</b>	397,170	277,644	393,200	(3,970)	-1.0%	(15,772)	-4.0%
<b>OPEB Contribution</b>	<b>187,224</b>	165,644	107,869	158,314	(7,330)	-4.4%	21,580	13.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>133,300</b>	130,100	95,678	130,100	0	0.0%	3,200	2.5%
<b>Bilingual Bonus</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Sick Leave Buyback</b>	<b>12,000</b>	12,000	11,670	11,670	(330)	-2.8%	0	0.0%
<b>Rideshare Allowance</b>	<b>8,900</b>	8,900	400	400	(8,500)	-95.5%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$12,565,331</b>	\$12,109,828	\$6,979,607	\$10,997,959	(\$1,111,869)	-9.2%	\$455,503	3.8%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$12,565,331</b>	\$12,109,828	\$6,979,607	\$10,997,959	(\$1,111,869)	-9.2%	\$455,503	3.8%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.

LACERA  
FISCAL YEAR 2021-2022  
SALARIES

SYSTEMS DIVISION

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00783A	INFORMATION SYSTEMS MANAGER	1	LS14	18,465	221,582			
00781A	ASST. INFORMATION SYSTEMS MANAGER	1	LS12	26,100	313,200			
00803A	INFORMATION TECH. MANAGER I	1	LS11	14,004	168,052			
00802A	INFORMATION TECHNOLOGY SPECIALIST II	1	123G	13,311	159,731			
00460A	DATA SYSTEMS SUPERVISOR II	2	116K	25,845	310,141			
00782A	INFORMATION SYSTEMS MANAGER I	1	116E	12,891	154,688			
02644A	RETIREMENT SYSTEMS SPECIALIST	2	115E	25,373	304,476			
00453A	EDP PRINCIPAL PROG. ANALYST	1	116B	12,795	153,539			
00469A	DATA SYSTEMS COORDINATOR	14	111C	145,044	1,740,528			
00458A	DATA SYSTEMS ANALYST II	8	105G	76,993	923,922			
00457A	DATA SYSTEMS ANALYST I	3	102L	24,160	289,921			
00426A	STAFF ASSISTANT I	1	85E	5,268	63,216			
POSITIONS		36			4,802,997			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
00781A	ASST. INFORMATION SYSTEMS MANAGER	2	LS12	10,557	126,681			
00806A	CHIEF INFO. SEC. OFFICER	1	LS12	10,557	126,681			63,341
00806A	CHIEF INFO. SEC. OFFICER	(1)	LS12	10,557	126,681			(63,341)
00805A	CHIEF TECHNOLOGY OFFICER, LACERA	1	LS12	10,557	126,681			
99999A	INFORMATION TECH. MANAGER II Ø	1	LS12	10,557	126,681			
00803A	INFORMATION TECH. MANAGER I	1	LS11	9,820	117,843	117,843		
00802A	INFORMATION TECHNOLOGY SPECIALIST II	5	123G	11,942	143,306	716,531		
00802A	INFORMATION TECHNOLOGY SPECIALIST II	(1)	123G	11,942	143,306	(143,306)		
00801A	INFORMATION TECHNOLOGY SPECIALIST I	6	118E	10,377	124,523	373,569	280,177	
00801A	INFORMATION TECHNOLOGY SPECIALIST I	(2)	118E	10,377	124,523		(186,784)	
00460A	DATA SYSTEMS SUPERVISOR II	2	116K	9,950	119,403			
02644A	RETIREMENT SYSTEMS SPECIALIST	1	115E	9,566	114,787	114,787		
02600A	PROGRAMMING SYSTEMS SPEC.	2	113G	9,106	109,269			
02600A	PROGRAMMING SYSTEMS SPEC.	(2)	113G	9,106	109,269			
00469A	DATA SYSTEMS COORDINATOR	1	111C	8,540	102,475	102,475		
00469A	DATA SYSTEMS COORDINATOR	(1)	111C	8,540	102,475	(102,475)		
00457A	DATA SYSTEMS ANALYST I	3	102L	6,823	81,880			122,820
00439A	SENIOR SECRETARY	1	89G	4,749	56,992			28,496
POSITIONS		20			1,424,132	1,179,423	93,392	151,317
TOTAL POSITIONS		56						
GROSS SALARIES					6,227,128			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					51,884			
BONUS					25,080			
120-DAY RETIREE(S)		1			77,538			
TOTAL SALARIES					6,381,630			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 Ø Pending Board of Supervisors approval.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**LACERA**  
**FISCAL YEAR 2021-2022**  
**SERVICES & SUPPLIES ACCOUNT SUMMARY**

**SYSTEMS DIVISION**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
COMMUNICATIONS	\$925,000	\$740,000	\$405,996	\$725,000	(\$15,000)	-2.0%	\$185,000	25.0%
TRANSPORTATION & TRAVEL	4,600	10,100	1,275	3,900	(6,200)	-61.4%	(5,500)	-54.5%
POSTAGE	390,000	390,000	201,000	390,000	0	0.0%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	349,600	546,800	747,657	895,340	348,540	63.7%	(197,200)	-36.1%
EQUIPMENT MAINTENANCE	609,500	632,200	200,100	552,000	(80,200)	-12.7%	(22,700)	-3.6%
PROFESSIONAL & SPECIALIZED SERVICES	984,600	1,974,600	493,005	1,822,100	(152,500)	-7.7%	(990,000)	-50.1%
COMPUTER SERVICES & SUPPORT	4,539,600	3,851,600	1,533,854	3,853,000	1,400	0.0%	688,000	17.9%
EDUCATIONAL EXPENSES	36,500	36,500	3,239	24,000	(12,500)	-34.2%	0	0.0%
MISCELLANEOUS	1,000	1,000	0	300	(700)	-70.0%	0	0.0%
TOTAL	\$7,840,400	\$8,182,800	\$3,586,126	\$8,265,640	\$82,840	1.0%	(\$342,400)	-4.2%

\*All amounts rounded to the nearest dollar.

**PROJECTED NON-ADMINISTRATIVE EXPENSES**  
**For the Fiscal Year Ended June 30, 2022**

	Current Year		Prior Year ACTUAL FOR FY 2019-2020
	EXPENSES	PROJECTED	
	AS OF 12/31/2020	FOR FY 2021-2022	
<b>Pension Trust Fund:</b>			
<b>Investment Management Fees</b>			
U.S. Equity	\$ 9,269,634	\$ 9,930,529	\$ 11,862,809
Non-U.S. Equity	14,701,312	25,300,079	36,214,224
Fixed Income	17,912,523	35,833,751	27,686,590
Cash and Short-Term	276,046	436,046	818,018
Mortgage Loan Services	23,848	46,848	61,853
Private Equity	3,908,704	8,743,802	13,012,188
Real Estate	3,375,255	18,385,099	25,616,537
Hedge Funds	-	-	705,364
Commodities	1,815,899	3,631,797	3,812,973
<b>Total Investment Management Fees</b>	<b>51,283,221</b>	<b>102,307,950</b>	<b>119,790,556</b>
<b>Other Investment Expenses</b>			
<b>Consultants</b>			
General Investment Portfolio	197,500	395,000	355,000
Private Equity	362,500	1,037,500	1,378,945
Real Estate	156,060	312,120	234,090
Other Consulting Fees	498,800	932,711	1,021,284
	<b>1,214,860</b>	<b>2,677,331</b>	<b>2,989,319</b>
<b>Custodians</b>			
Banking and Treasury	1,530,215	2,530,215	2,619,313
Mortgages	-	5,000	5,000
	<b>1,530,215</b>	<b>2,535,215</b>	<b>2,624,313</b>
<b>Performance and Other Fees</b>	<b>47,591,367</b>	<b>108,207,735</b>	<b>83,727,294</b>
<b>Investment Legal Counsel</b>	<b>400,233</b>	<b>650,000</b>	<b>188,969</b>
<b>Total Other Investment Expenses</b>	<b>50,736,675</b>	<b>114,070,282</b>	<b>89,529,895</b>
<b>Total Management Fees and Other Investment Expenses</b>	<b>\$ 102,019,897</b>	<b>\$ 216,378,232</b>	<b>\$ 209,320,451</b>
<b>Actuarial Consulting Services</b>	<b>179,662</b>	<b>359,323</b>	<b>397,076</b>
<b>Total Pension Fund Non-Administrative Expenses</b>	<b>\$ 102,199,558</b>	<b>\$ 216,737,555</b>	<b>\$ 209,717,527</b>
<b>Retiree Health Care (RHC) Program Funds:</b>			
Fixed Income Management Fees	\$ 40,726	\$ 81,476	\$ 73,791
Short-Term Management Fees	10,022	22,592	20,576
Custodian Fees	16,416	33,581	33,234
<b>Total RHC Program Non-Administrative Expenses</b>	<b>\$ 67,164</b>	<b>\$ 137,649</b>	<b>\$ 127,600</b>
<b>Other Post Employment Benefits (OPEB) Trust Fund:</b>			
Enhanced Cash Management Fees	\$ 2,211	\$ 13,052	\$ 11,505
Commodities Management Fees	\$ 49,666	\$ 105,293	\$ 76,743
Global Equity Management Fees	\$ 103,625	\$ 219,887	\$ 133,481
Fixed Income Management Fees	\$ 104,776	\$ 224,245	\$ 172,814
Real Estate Management Fees	\$ 47,039	\$ 101,410	\$ 70,692
General Investment Portfolio Consultant	\$ 27,500	\$ 55,000	\$ 55,000
Investment Legal Fees	\$ -	\$ 10,000	\$ 9,667
Custodian Fees	\$ 165,314	\$ 330,629	\$ 332,873
<b>Total OPEB Trust Non-Administrative Expenses</b>	<b>\$ 500,133</b>	<b>\$ 1,059,516</b>	<b>\$ 862,775</b>

# STRATEGIC PLAN

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## Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



# Status Update

The Strategic Plan has been reformatted and aligned along the four main key objectives outlined by our CEO. The format has also been redesigned so that we can easily see where we are on each goal (In Process, Substantially Complete, or Completed) and color coded to represent how well we are doing in terms of progress on the goals (red for behind, yellow for in danger or near to being behind, and green for completed).

The goals each have current “owners” and “business partners” who are working on the goal. These assignments may change as we continue to review and re-structure our teams to meet these goals. Here is the index that shows what the different initials stand for:

Division Codes									
AS	Admin Services	BE	Benefits	CO	Communications	FA	Financial & Accounting Services	DR	Disability Retirement Services
DL	Disability Litigation	EO	Executive Office	HR	Human Resources	IA	Internal Audit	IN	Investments
LS	Legal Services	MS	Member Services	QA	Quality Assurance	RH	Retiree Healthcare	SY	Systems

## **Governance**

Working together to improve our Board and internal governance.

1. Work with Board members to engage the NACD to provide continual Board member training and development to provide them with the tools and knowledge to continually improve their ability to provide responsible leadership for LACERA.
2. Work with the internal management and supervisory team to develop and deliver education to develop organizational leadership to transform LACERA into an innovative and best in class organization focused on delivering its mission.

## **Fund Sustainability**

To advance LACERA's producing the promised benefits, a separate plan for 2019 addresses five inter-related objectives:

1. Execute strategic asset allocation.
  2. Enhance operational effectiveness.
  3. Optimize Investment Implementation.
  4. Maximize ownership rights and stewardship.
  5. Strengthen influence on fees and capital costs.
- Please refer to the Investments Strategic Plan

## **Preserving Retiree Healthcare**

Preserving Retiree Healthcare by taking innovative and proactive steps to minimizing costs and improving services provided to members and survivors.

- Please refer to the Retiree Healthcare Strategic Plan

## Reduce Complexity of our Organization

Continually working to make the process easier for our members and staff.

- Disability Retirement Information Integration & Enhancements**

We are focusing our organizational energy on modernizing our disability investigation and appeal processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Process Modification	Review the application processing to identify efficiencies and begin program design stage.					
	FY 2013-14	SY	DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Data Integration: Tracker	Export data from Tracker and import the data to Workspace.					
	FY 2013-14	SY	DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Document Management	Description Not Available					
	FY 2014-15	SY	DR, AS			
Current Update	Completed					



- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Process Management	Program and move most disability processes including Disability application intake, interviews, medical appointments, etc.					
	FY 2015-16	SY	DR			
Current Update	Substantially Complete – Roll out of the Board Agenda process resulted in additional testing and reprogramming.					
<b>Task</b>						
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board and Management Metric Reporting for Disability Processes	The development of metrics and reports to provide management and BOR critical insight to the status of disability cases. The intended goal of processing disability cases is 9-12 months.					
	FY 2016-17	SY	DR, EO			
Current Update	Substantially Complete – Workspace page provides metrics on pending completed cases. Provides aging (number of days) for pending cases. Additional reports will be developed as case tracking is implemented in Workspace.					
<b>Task</b>						
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Medical Document Portal – System	The development of a system where doctors, medical record retrieval vendors, and others can electronically submit medical reports to LACERA.					
	FY 2017-18	SY	DR			
Current Update	The implementation of SharePoint has made this application obsolete. Since the objective of the goal has been met by alternate technological solutions. The goal is complete.					

- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Disability Medical Document Portal – Training	The development of training for staff members on how to use this and how to train outside parties to use the system.					
	FY 2017-18	SY	DR			
Current Update	The implementation of SharePoint has made this application obsolete.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Case Management	Development of a case management system that will assist DRS staff members to manage individual cases more efficiently.					
	FY 2017-18	SY	DR			
Current Update	This project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo’s direction in the Systems Division Project Management Office. The interested parties have recently attended vendor demonstrations for possible software solutions.					

- **Reduce Complexity of our Organization >>> Disability Appeal Process Modernization**

We are leveraging our efforts and the lessons learned in the Disability Retirement process to modernize the Disability Litigation appeals process by streamlining staff processes and procedures, developing case management tools to improve resource management, process and manage Writs, and develop a new measurement structure to provide greater insight into the caseload.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Appeal Packages	Create and store Disability Appeal packages electronically.					
	FY 2016-17	SY	AS, DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
E-Board Package - Digital Appeal Cases	Deliver Disability Appeal packages to the Board electronically.					
	FY 2016-17	SY	AS, DR			
Current Update	Completed					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Planning Writ Management Process	Complete a needs assessment and develop an overview of the Writ Management Process to assist Systems in developing a Writ Management System.					
	FY 2016-17	SY	LS			
Current Update	In Process: As part of Case Management Project					

- Reduce Complexity of our Organization >>> Disability Appeal Process Modernization (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Writ Process Management	Create a case management process for managing the response to Writs filed to appeal Board decisions on disability cases.					
	FY 2017-18	SY	LS			
<b>Current Update</b>	<p>In Process: This should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo's direction in the Systems Division Project Management Office.</p> <p>The business partner assigned has been corrected from DL to LS.</p>					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Appeal Process Management	Integrate the Disability Litigation Appeal process with Workspace and the Writ Management System to allow electronic management of the process and institute metrics and reporting.					
	FY 2017-18	SY	DL, LS			
<b>Current Update</b>	<p>Not Started: Pending completion of Disability Process Management. The process management developed for the disability application process will be reused for the appeal process. Additionally, this should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo's direction in the Systems Division Project Management Office.</p> <p>LS has been added as a business partner.</p>					

- **Reduce Complexity of our Organization >>> Disability Appeal Process Modernization (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retire Legacy System: Tracker	Retire the legacy Tracker system – after all functionality has been migrated to Workspace.					
	FY 2017-18	SY	DR			
<b>Current Update</b>	The major features of the Disability Tracker have been implemented in Workspace. There are a few additional processes to implement including Board Agenda processing, vendor management, and ad hoc case processing exceptions.					

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process**

Through the years, LACERA introduced various tools to improve accuracy, timeliness, and reliability of our member transactions. Building upon this foundation, LACERA is designing and implementing a system to track the progress of each transaction as it undergoes triaging, assigning, calculating, quality review, and completion. Intrinsic to each “job ticket” is process-centric and member-centric data to efficiently and effectively manage work objects.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Planning	Develop a needs assessment and outline of the job ticket requirements and system.					
	FY 2013-14	SY	BE			
Current Update	Complete					
<hr/>						
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Prototyping	Create a prototype of a the job ticket system.					
	FY 2015-16	SY	BE			
Current Update	Complete					
<hr/>						
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Production	Implement the job ticket system into the production environment of Workspace.					
	FY 2015-16	SY	BE			
Current Update	Complete					

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 2.0 – Reporting	Create and generate metric and tracking reports from the Job Ticket system.					
	FY 2017-18	SY	BE			
Current Update	In Process: This should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo’s direction in the Systems Division Project Management Office.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 3.0 – Case Management	Update the Job Ticket system to facilitate individual case management of work objects and member requests.					
	FY 2018-19	SY	BE			
Current Update	This should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo’s direction in the Systems Division Project Management Office.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Job Ticket 4.0 – Audit Version	N/A					
	FY 2019-20	SY	BE			
Current Update	This should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo’s direction in the Systems Division Project Management Office.					

- **Reduce Complexity of our Organization >>> LACERA.com**

Our website will have an easy to use and modern look that facilitates members' ability to learn about their LACERA benefits.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
LACERA.com Redesign	Update and modernize LACERA.com. This includes a complete review of all content on the website.					
	FY 2017 – 18	SY	CO			
<b>Current Update</b>	Significant progress has been made on this project. The site architecture has been designed, and beta tested with members to gain feedback on navigation and overall structure of data categories. This input has been used to fine tune the site organization. Subject matter experts throughout LACERA are in the process of reviewing all site content. Some delays have occurred as a result of the COVID-19 response process. We are on target for our promised launch on July 30, 2021.					



- **Reduce Complexity of our Organization >>> LACERA.com: Member Portal**

Our My LACERA Member Portal website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Beneficiary Update	Implement ability for members to add, update, or delete beneficiary information on My LACERA member portal.					
	FY 2013 - 14	SY	BE, MS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Portal Redesign	Update and modernize the My LACERA member portal.					
	FY 2016 – 17	SY	EO, CO, MS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Secure Message Center	Implement a secure message center through the My LACERA member portal so members can communicate electronically with MS and RHC.					
	FY 2016 – 17	SY	EO, CO, MS			
Current Update	Completed.					

- **Reduce Complexity of our Organization >>> LACERA.com: Member Portal (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Pension Verification	Allow members to request and print pension verification and amount in fund letters through the My LACERA member portal.					
	FY 2017 – 18	SY	BE, CO, MS			
Current Update	Completed. In addition to the Pension Verification letters, Systems also delivered the ability to generate Amount-in-Fund letters. Additional functionality is being added to allow Member Services – Outreach to print letters at the Member Service Center.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Service Credit Purchase	Allow members to submit a request to purchase service credit online through the My LACERA member portal.					
	FY 2018 – 19	SY	BE, CO, MS			
Current Update	Completed: This task was completed on October 28, 2019. Version 6.0 of My LACERA included a new Purchases page that allows members to submit request to purchase service credit online.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Disability Application	Allow members to securely submit a Disability Application online through the My LACERA member portal.					
	FY 2018 – 19	SY	BE, CO, DR			
Current Update	In prototyping phase with an expected implementation date of June 2021.					

- **Reduce Complexity of our Organization >>> LACERA.com: Member Portal (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
On-Line Form – Retirement Election	Allow members to securely submit a Retirement Election online through the My LACERA member portal.					
	FY 2019 – 20	SY	BE, LS, MS			
Current Update	Significant progress has been made on designing a new Retirement Application which will serve as the template for an online election form. This form will be tested when the MSC reopens and after the redesigned lacera.com is launched. The team is reviewing the next steps to move this forward.					

- **Reduce Complexity of our Organization >>> Retiree Healthcare Program**

In 1987, we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and, more recently, our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi-dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Needs Assessment	Complete a needs assessment to determine what future efforts will be needed to integrate RHC operations into Workspace.					
	FY 2017 – 18	SY	RH			
Current Update	Completed.					

• **Reduce Complexity of our Organization >>> Managing Member Interactions**

The ability to provide world class service to our members is dependent on ensuring LACERA manages member interactions in an efficient manner, measures service levels, as well as keeping an accurate record of member interactions in the member’s file. LACERA will focus resources on expanding our ability to record and store inbound and outbound calls with members to the Benefits, Disability Retirement Services divisions. Recording calls ensures we have an accurate record of member interactions which improves service and can be leveraged to provide quality assurance and training to staff. We will also begin focusing on the development of a Member Service Center queuing system to improve our ability to forecast, budget, and allocate staffing resources and improve management of service levels in the Member Service Center.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Member Service Center Queue System – Planning	Needs assessment and planning for implementation of a queuing system in the Member Services Center					
	FY 2018 – 19	SY	MS			
Current Update	Significant progress was completed and we were in discussions to schedule installation of the new system, user acceptance testing, and then beta testing. This project has been delayed due to the closure of the MSC as a result of the COVID-19 response. The introduction of Virtual Counseling has required LACERA to seek additional programming to accommodate online scheduling for these types of appointments.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Call Recording – Benefits Division – Planning	Planning the implementation and roll out of call recording for Benefits Division Specialists.					
	FY 2019 – 20	SY	BE			
Current Update	This project has been completed and those staff members in Benefits who make outbound calls to members are now recorded.					

- **Reduce Complexity of our Organization >>> Managing Member Interactions (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Call Recording – Disability Division – Planning	Planning the implementation and roll out of call recording for Disability Division Investigators.					
	FY 2017 – 18	SY	DR			
Current Update	<p>Systems has completed the planning for the technical implementation of the call recording. Disability staff still has to be engaged to discuss rollout of the call recording.</p> <p>COVID has derailed this project. Systems will begin developing a post COVID telcom strategy with Member Services and the Executive Office that will include a new call recording system.</p>					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Replace Call Recording System	Replace current call recording software and storage.					
	FY 2018 – 19	SY	BE, DR, MS			
Current Update	<p>During the 2019-2020, this objective was listed as “In Process”, with 48 additional recording ports have been added and 24 have designated for Disability staff scheduled for implementation later on this FY 2019-2020. The COVID-19 pandemic required LACERA to pivot to a cloud based Call Center solution. As a result this objective was terminated. Systems will work with Member Services, Retiree Healthcare, and the IT Council to developing a post COVID telcom strategy, including a call recording system.</p>					

- **Reduce Complexity of our Organization >>> Workspace**

The information system will facilitate members service while protecting membership information. The system environment will be continually evaluated and updated. We look to improve the way we circulate the member’s electronic document by creating a Job Ticket processing system.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Replace Green Screens	Replace the mainframe green screens by importing all functionality into Workspace.					
	FY 2017 – 18	SY	BE			
Current Update	Completed. The final green screens in use were retired on June 5, 2017.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retire CICS						
	FY 2017 – 18	SY	BE			
Current Update	Completed. CICS was no longer in use as of June 5, 2017.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
COBOL Program Replacement – Planning						
	FY 2017 – 18	SY				
Current Update	Completed.					

• **Reduce Complexity of our Organization >>> Workspace (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Update Retirement Estimate Program	Update the retirement estimate logic to reflect current requirements.					
	FY 2017 – 18	SY	LS, IA			
Current Update	Completed: The estimate program was updated on May 8, 2017. The program now generates estimates for Service Retirement, Death, Service Connected Disability, and Non-Service Connected Disability retirements.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Multiple Plan Streams	Updating Workspace programming to properly support members who have more than one membership stream.					
	FY 2018 – 19	BE	LS, SY			
Current Update	In Process: Plan E related plan stream eligibility rules have been incorporated into the Final Calc and Estimate programs. Safety plan stream with non-E eligibility rules has not been incorporated at this time. The initial decision to not complete this stream was due to low volume. However, it must be completed in order to ensure error free processing.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Reengineer 1 <sup>st</sup> Payment – Planning	Review the first payment process to ensure the process is designed to efficiently and accurately issue the first benefit payment to members.					
	FY 2018 – 19	SY	BE, LS, QA			
Current Update	This should be included in the Case Management Project going forward. The Case Management project was recently reinitiated with Iveta Brecko serving as the Project Manager under Celso Templo's direction in the Systems Division Project Management Office.					



- **Reduce Complexity of our Organization >>> Member Communications**

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Outreach Web Video – New Member	Develop an online video that explains the new membership process.					
	FY 2014 – 15	MS	CO, LS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Active Member Benefit Statement	Redesign and implement a new Active Member Benefit Statement.					
	FY 2017 – 18	CO	EO, LS, MS, SY			
Current Update	Communications is working with Systems to complete the programming to support the final design. An RFP for printing both Active and Retirement Member Benefit Statements has been drafted and is pending data from Systems. Estimated RFP to the Trustees for review/approval is July 2021. Rebecca Sun from Systems is the IT representative on the project team.					

- **Reduce Complexity of our Organization >>> Member Communications**  
**(Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement Estimate Document	Redesign the Retirement Estimate and Benefits Election form to make it more informative and user friendly.					
	FY 2017 – 18	CO	EO, LS, MS, SY			
<b>Current Update</b>	Significant progress has been completed on the creation of a new Retirement Application and supporting materials. The new document was scheduled to be tested in early 2020. However, this was delayed as a result of the COVID-19 pandemic response which resulted in the closure of the MSC. This is being put back into production and a re-review by SMEs is currently moving forward. Once approved, it will be ready for print.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement University - Course 1	Design and implement an on-line course on the Retirement Benefit Options.					
	FY 2017 – 18	CO	BE, DR, EO, LS, MS, RH, SY			
<b>Current Update</b>	Communications and Member Services finalized the first three segments of the course that address the top options chosen by members: Unmodified, Unmodified+Plus, and Option 4. Publishing has been postponed until the redesigned lacera.com website is launched. Communications has completed the balance of the Options scripts and are pending a videographer to develop the videos.					

- **Reduce Complexity of our Organization >>> Member Communications**  
**(Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Retirement University - Course 2	Select the content, design, and implement the second course in our online university.					
	FY 2020 – 21	CO	BE, DR, EO, LS, MS, RH, SY			
<b>Current Update</b>	Not Started. This task is pending release of Course 1 and the launch of the redesigned lacera.com					
<b>Member Survey</b>						
Member Survey	Conduct a survey of all LACERA members and survivors to assess the services and service level that LACERA is providing.					
	FY 2020– 21	EO	BE, DR, LS, MS, RH, SY			
<b>Current Update</b>	Due to the COVID-19 Pandemic and lack of resources to develop this appropriately, the objective was delayed.					

- Reduce Complexity of our Organization >>> Board Operations**

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintaining a professional workspace. The Board’s workspace should foster an aesthetic appearance while maintaining functionality and readily communicate LACERA’s commitment to its membership.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Branding Entryway	Refresh and update the entry way to the Board room and include pictures of Board members so the members and public can see who is representing them.					
	FY 2017 – 18	EO	AS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Branding	Refresh and update the Board Room, including branding.					
	FY 2017 – 18	EO	AS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Room Speaker Timer and Signal						
	FY 2017 – 18	SY	EO, AS			
Current Update	Completed.					

# Cultivate a Risk Intelligent Organization

Creating an organization that is aware of the risks and manages those risks appropriately. Compliance. Sharing of knowledge.

- Knowledge & Content Management**

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Board Package Web Posting	Post all Board of Retirement and Board of Investments agendas online.					
	FY 2015-16	SY	EO, IN, LS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: BOI Back file – Implement	Archive all prior versions of BOI agendas/minutes.					
	FY 2016-17	SY	EO, IN, LS			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: BOR Committee – Implement	Archive all prior versions of BOR Committee agendas/minutes.					
	FY 2016 - 17	SY	EO, IN, LS			
Current Update	Completed.					

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Disability Case Back file – Evaluate	Conduct a needs assessment of what it would take to archive all disability case back files.					
	FY 2017 - 18	SY	EO, DR, LS			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: RFP	Issue an RFP.					
	FY 2017 - 18	SY	EO, DR, LS			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Actuary Reports	Archive all actuary reports.					
	FY 2018 - 19	SY	EO, LS			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					

- **Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Accounting Reports	Archive all accounting reports.					
	FY 2018 - 19	SY	EO, FA, LS			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Brochures Reports	Archive all brochures.					
	FY 2018 - 19	SY	EO, CO, LS			
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Summary Plan Descriptions	Archive all Summary Plan Descriptions.					
	FY 2018 - 19	SY	EO, CO, LS			
Previous Update	Not Started.					
Current Update	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					

- **Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Digital Archive: Retiree Healthcare Program	Archive all Retiree Healthcare Program.					
	FY 2018 - 19	SY	EO, CO, RH, LS			
<b>Current Update</b>	Not Started: Project has been deferred due to other organizational priorities and resource limitations.					



- **Cultivate a Risk Intelligent Organization >>> Operational Compliance**

LACERA continues implementing innovative and best practice quality initiatives by introducing another line-of-defense; a formalized Operational Compliance program. The Operational Compliance program is geared to nurture a culture of compliance, and provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regimens. The program's ultimate success is achieved by an organization demonstrating a culture of compliance and ethical business practices coupled with the efficient and effective integration of Operational Compliance into daily business practices.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Create Compliance Program Charter	Create a charter to define the compliance program roles, responsibilities, and approach.					
	FY 2017 – 18	LS	EO			
<b>Current Update</b>	Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Organizational Compliance Committee	Create a Compliance Committee that will work together to define the compliance program, draft or review compliance policies, procedures or charters, and provide oversight until a Compliance Officer is appointed.					
	FY 2017 – 18	LS	EO			
<b>Current Update</b>	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Compliance Reporting Protocols						
	FY 2017 – 18	LS	EO			
<b>Current Update</b>	Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director.					

- Cultivate a Risk Intelligent Organization >>> Operational Compliance**  
**(Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Policy Governance Procedures and Training	Procedures for training on compliance principles, procedures, and values.					
	FY 2018 – 19	LS	EO			
Current Update	We have completed development of conflict of interest training. We are currently drafting the privacy training.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop and Deliver Compliance and Ethics Training	Training on compliance principles, procedures, and values.					
	FY 2018 – 19	LS	EO			
Current Update						
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Inventory LACERA Policies and Standardize	Develop log of all LACERA policies.					
	FY 2019 – 20	LS	ALL			
Current Update	Significant progress made in compiling existing policies; Policy on Policies developed and approved.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Conduct Best Practices Review	Confirm success in achieving compliance program objectives.					
	FY 2019 – 20	LS				
Current Update	Project has been deferred due to other organizational priorities.					

- Cultivate a Risk Intelligent Organization >>> In-Line Quality Audit**

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results, with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member’s account to prevent errors from reaching the member in the first place.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Increase the In-Line Audit Ratio to 60%						
	FY 2015 – 16	QA	BE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Increase the In-Line Audit Ratio to 75%						
	FY 2016 – 17	QA	BE			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Assess Program Resource Requirements						
	FY 2017 – 18	QA				
Current Update	Completed. Incorporated assessment of program into budget highlights.					

- **Cultivate a Risk Intelligent Organization >>> Member Centric Process Management**

Benefits Division has developed a Process Management Group (PMG) that has successfully managed its business rules, documentation, and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Coordinated Procedures	Develop a process to coordinate the development of procedures for use by Benefits Division staff members.					
	FY 2017 – 18	BE	DR, LS, MS, QA			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Monitor and Harmonize Procedures						
	FY 2017 – 18	BE	DR, LS, MS, QA			
Current Update	The PMG continually monitors and harmonizes procedures internally and works with its business partners to ensure that DRS, MS, and QA are consulted on and apprised of new and updated procedures. The divisions work closely on this project. This is an ongoing objective and part of the normal work process. It is deemed complete, in as much as a formal process has been developed and implemented on an ongoing basis.					

- **Cultivate a Risk Intelligent Organization >>> Member Centric Process Management (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop Requirements for Knowledge System	Develop a set of requirements for a Knowledge management system that can be used to share operational knowledge, procedures, and rules throughout the organization.					
	FY 2017 – 18	BE	DR, LS, MS, QA, SY			
<b>Current Update</b>	Compass 365, a Microsoft Gold Partner, recently completed an assessment of our legacy Knowledge management system(s). This project has been assigned to Tom De Luca under the direction of Celso Templo in the Project Management Office. Tom will use Compass 365's report to move forward.					

- **Cultivate a Risk Intelligent Organization >>> Scrubbing Legacy Data**

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data in perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three-year strategic plan places a high priority in scrubbing our legacy data.

- **Scrubbing Legacy Data**

A multi-year project to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
MOU Retroactive Salary Adjustments – 26,000	The County completed MOU negotiations that included retroactive salary increases. The County's payroll system could not retroactively collect contributions and assign them to the correct pay period, so Benefits had to adjust the accounts manually.					
	FY 2014 – 15	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Missing Service Credit – 1,000	A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					

- Cultivate a Risk Intelligent Organization >>> Scrubbing Legacy Data (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Missing Service Credit – 1,000	A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Back Contributions Uncollected – 1,000						
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Service Contract not Resident – 1,000	Members with a purchase on the system but no service contract set up.					
	FY 2015 – 16	BE	MS, QA, SY			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Recalculate Contracts Uncompleted – 4,000						
	FY 2017 – 18	BE	MS, QA, SY			
Current Update	Completed.					

• **Cultivate a Risk Intelligent Organization >>> Implementing PEPRA**

The Public Employees’ Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to takes a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
PEPRA Implementation Needs Assessment	A review of all systems, materials, and rules to identify any remaining PEPRA implementation items that need to be completed.					
	FY 2016 – 17	EO	BE, MS, LS, QA, SY			
<b>Current Update</b>	<p>Staff has evaluated and implemented a majority of the PEPRA processing needs. The following processes remain:</p> <ul style="list-style-type: none"> <li>• Annual Benefit Statements (ABS) – Active Members: The current version of the ABS has not been revised to accommodate PEPRA; the PEPRA estimate logic has not been added to the program that generates these statements and the text has not been updated to reflect PEPRA rules. This process is dependent on the completion of the ABS redesign.</li> <li>• Creating a PEPRA compliance payroll report that will help LACERA determine if any non-pensionable pay codes were paid out as pensionable by the Auditor-Controller.</li> <li>• PEPRA limits: Staff is working with the Legal Offices to obtain guidance on how periods of absence without pay impacts the Final Average Compensation period for PEPRA members. This is critical to be able to define the FAC period for comparison to PERPA pensionable pay limitations.</li> <li>• Returning member processes to support the Superior Court employees.</li> <li>• Non-Concurrent Retirement Process: Members in double plans may have different retirement eligibility rules based on each plan. These rules, currently managed manually, will be automated.</li> </ul> <p>Communications has updated 76 Knowledge Base pages and has completed editing of 33 K-Base pages which are in the final stages of quality control review before being published. Staff have also added or updated 17 glossary terms to correspond to the PEPRA definitions.</p>					



- **Cultivate a Risk Intelligent Organization >>> Implementing PEPRA (Continued)**

• Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
PEPRA Implementation Tactical Plan						
	<b>FY 2017 – 18</b>	<b>EO</b>	<b>BE, MS, LS, QA, SY</b>			
<b>Current Update</b>	<p>The 3<sup>rd</sup> phase was completed in Q1 2019: The 3<sup>rd</sup> phase (SCR #5845) to create new database fields to store PEPRA FAC and What-If PEPRA FAC (RCEA substitution for AWOP periods in the last 36 months for members who are retirement eligible) and an associated program to calculate the PEPRA FAC for these new fields was completed in Q4 2018 and moved to production in the first quarter of 2019. In addition, significant progress has been made in removing Embedded Earnings from PEPRA FAC that we receive from the Auditor/Controller. The Auditor/Controller completed the file layout for our electronic exchange of PEPRA Embedded Earnings. A LACERA program has been written to read the file and remove PEPRA Embedded Earnings. Systems received the test file and follow up files from the Auditor/Controller in May 2020; however, LACERA is currently discussing whether the QSAL data received from the A/C is enough to accurately calculate PEPRA FAC.</p>					

## High Performance & Diversified Team

Creating and maintaining an environment where all staff members are coached and developed to be high performers. We strive to develop the tools and training to reach higher levels of performance as an effective team. Each staff member should receive continual, relevant, and timely feedback. A diverse workforce represents a greater range of knowledge, ideas, and opinions, and spurs innovative approaches to serving our members better.

- **Advanced CERL Education (ACE) Certification**

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Benefits, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

- **High Performance & Diversified Team >>> Advanced CERL Education (ACE) Certification (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Develop ACE Program	Develop and design the curriculum and processes of the program.					
	FY 2016 – 17	QA	EO			
Current Update	Completed.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
Implement Program	QA will conduct two pilot programs to solicit feedback on the program structure, content, and delivery. After the two pilot groups have completed the program a final program will be outlined and presented for approval.					
	FY 2020 – 21	QA	EO/MS			
Current Update	<p>This goal has been extended based on the experience from completing the first pilot group. QA’s first pilot was conducted with 9 selected staff over a 22-month period. Using data gathered from this pilot group the program content has been revised for the second pilot which will begin in mid-2019, consisting of 5 selected staff and is expected to last about 17 months. Once the second pilot has been completed and reviewed, we will begin the implementation.</p> <p>QA believes this task is complete.</p>					

- **High Performance & Diversified Team >>> Advanced CERL Education (ACE) Certification (Continued)**

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
<b>Graduate Inaugural Class</b>						
	<b>FY 2020 – 21</b>	<b>QA</b>	<b>EO/MS</b>			
<b>Current Update</b>	The inaugural class graduated in 2020. However, the program was placed on hold due to the need to re-evaluate the goals. The program was originally designed to train staff to a high technical level. Additional components were added to include management and supervisory skill development. The program will be re-evaluated to determine how it can be re-designed to focus on technical skills, complex account analysis, and to correct and certify accounts.					

- **High Performance & Diversified Team >>> Succession Planning**

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
<b>Employee Survey – Planning</b>	<b>Develop an Employee Engagement program starting with an employee survey.</b>					
	<b>FY 2016 – 17</b>	<b>HR</b>	<b>EO</b>			
<b>Current Update</b>	In Process. The vendor, CPS’s Institute for Public Sector Employee Engagement, conducted the survey in February 2021. The results will be delivered to Staff and the Board in May and June. The previously planned face-to-face focus groups will be conducted virtually. The focus groups and action items are planned for FY 2021-22.					
Task	Implementation Schedule	Owner	Partners	In Process	Substantially Complete	Complete
<b>Employee Survey – Conduct</b>	<b>Implement an employee survey as part of the Employee Engagement Program.</b>					
	<b>FY 2016 – 17</b>	<b>HR</b>	<b>EO</b>			
<b>Current Update</b>	Complete. CPS conducted the Employee Engagement Survey in February 2021. A total of 352 Staff completed the survey, which is an 86% response rate. The results will be delivered to Staff and the Boards in May and June.					

JP:jp  
Strategic Plan Retirement Benefits Status Update – May 2019.docx

# Envision 2021: Investments Division Work Plan and Strategic Initiatives

Board of Investments

January 13, 2021

Jonathan Grabel – Chief Investment Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# Discussion Outline

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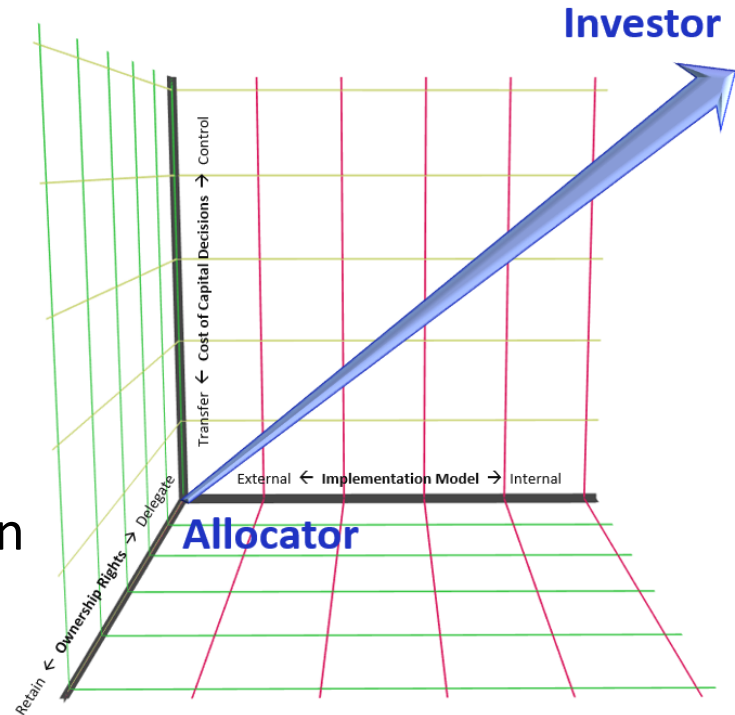
- I. Work Plan Background
  
- II. Plan for 2021 and Beyond
  
- III. Appendix: Preliminary Project Schedules for 2021

# Investments Division Work Plan



The Investments Division revisits its work plan for the coming year and beyond with the **following aims**:

1. Provide **visibility** into current and upcoming initiatives
2. Accurately **reflect and synthesize** all Board-approved projects and input from prior work plans, recent Board meetings, and Offsites into a cohesive action plan
3. Promote **disciplined execution** and aligned resources for defined priorities





# Establish a Work Plan and Adapt

A thoughtful work plan is a necessary first step. Beyond having a plan, execution and adaptability are important. 2020 reminds us that surprises happen and even the best plan may need to be revised.

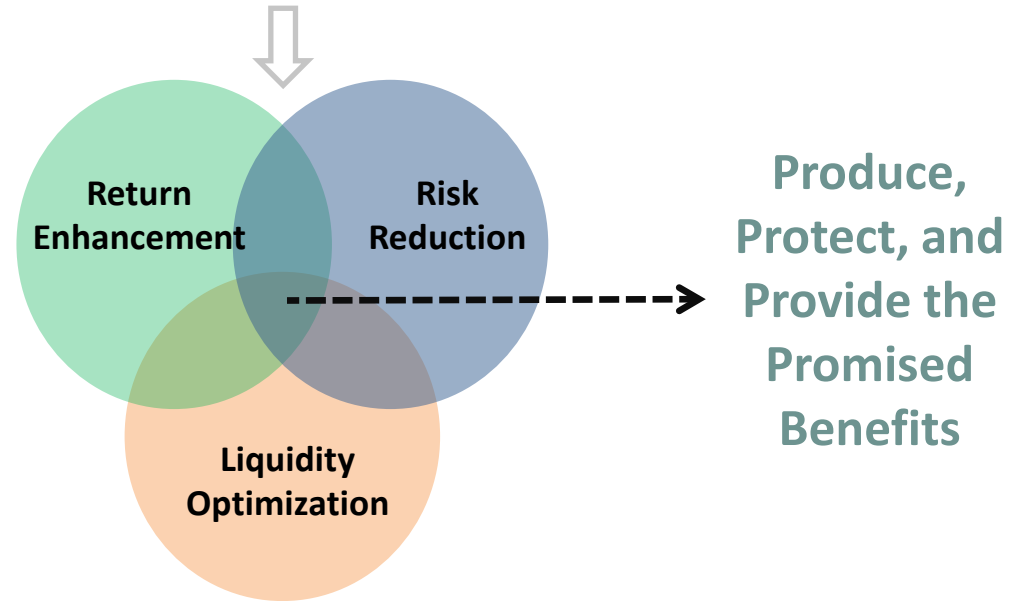


# Envision 2021

## Strategic Objective and Initiatives



**Execute Strategic Asset Allocation**  
*while balancing...*



**Enhance Operational Effectiveness**



**Optimize Investment Model**



**Maximize Stewardship and Ownership Rights**



**Strengthen Influence on Fees and Cost of Capital**



**LACERA T.I.D.E.**



# Select Highlights of 2020 Accomplishments



## Execute Strategic Asset Allocation



### Enhance Operational Effectiveness

- Conducted review of investment office operational due diligence process
- Successfully managed fund liquidity through onset of COVID-19 economic crisis
- Incorporated remote due diligence practices into LACERA's multi-dimensional process
- Concluded search for Real Estate administrator and total Fund performance and risk platform
- Improved continuity crisis management and remote cash flow capabilities
- Completed private market scorecard methodology and grading and enhanced performance reporting



### Optimize Investment Model

- Completed functional asset category structure reviews
- Continued to evaluate internal asset management for public markets
- Continued to increase Private Equity in-house co-investments and secondary activities
- Adapted to conduct remote diligence including initial mandates in private infrastructure funds



### Maximize Stewardship and Ownership Rights

- Completed full year of exercising voting authority across the global equity portfolio
- Completed initial carbon footprinting assessment and conducted climate scenario analysis to inform upcoming SAA
- Maintained A+ assessment from UN Principles for Responsible Investments for ESG strategy and corporate governance
- Actively supported and collaborated with key associations (CII, SASB, ILPA, PRI and others) to advance LACERA principles



### Strengthen Influence on Fees and Cost of Capital

- Generated fee savings across the portfolio
- Implemented creative structures such as performance fees with a hard hurdle and evergreen mandates
- Expanded in-house and co-investment secondary parameters to help further drive fee savings in PE portfolio



### Raise LACERA T.I.D.E.

- Supported expanded DEI initiatives in private markets with ILPA and AIMA
- Formalized ongoing near and long term objectives under TIDE banner
- Completed baseline assessment of all investment partners' DEI profiles and practices
- Engaged 100 companies on corporate board diversity, with over 110 new directors appointed

# Plan for 2021 and Beyond



# Envision 2021

## Strategic Initiatives: Key Short Term Projects

### Enhance Operational Effectiveness

- Conduct Private Equity and Real Estate consultant searches
- Balance remote working and back-to-the-office
- Address complexities in Real Estate operations
- Create discrete overlay and hedging category
- Refine investment procedure manual
- Elevate operational due diligence

### Optimize Investment Model

- Install risk platform capabilities and incorporate output
- Minimize benchmark misfit
- Enhance risk budgeting methodologies
- Implement structure review initiatives
- Develop emerging manager programs

### Maximize Stewardship and Ownership Rights

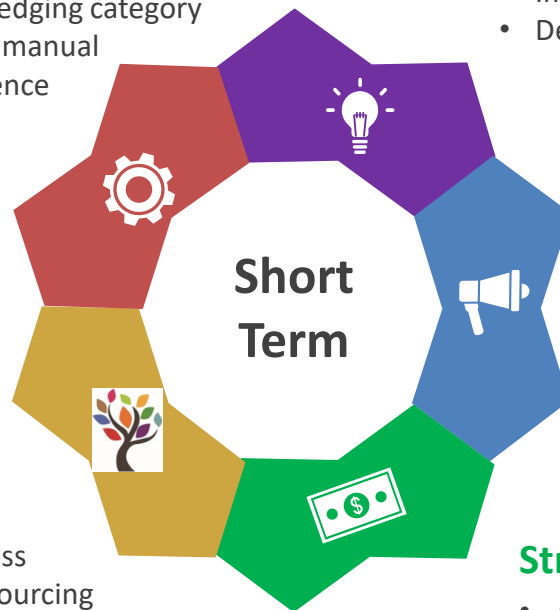
- Review Corporate Governance and Stewardship Principles
- Pursue effective public policy advocacy with CII, others
- Prioritize alignment of interests with business partners
- Complete proxy research and platform RFP
- Execute defined engagement initiatives

### Raise LACERA T.I.D.E.

- Walk the talk
- Influence and monitor progress
- Refine RFP practices; widen sourcing
- DEI reporting from money managers
- Active advocacy including event sponsorship
- Engage with public companies to benefit board diversity

### Strengthen Influence on Fees and Cost of Capital

- Apply creative fee structures to align interests
- Hire a dedicated managed account service provider
- Continue expansion of in-house co-investment and secondary program



Short term strategic initiatives cover those with less than a three-year horizon

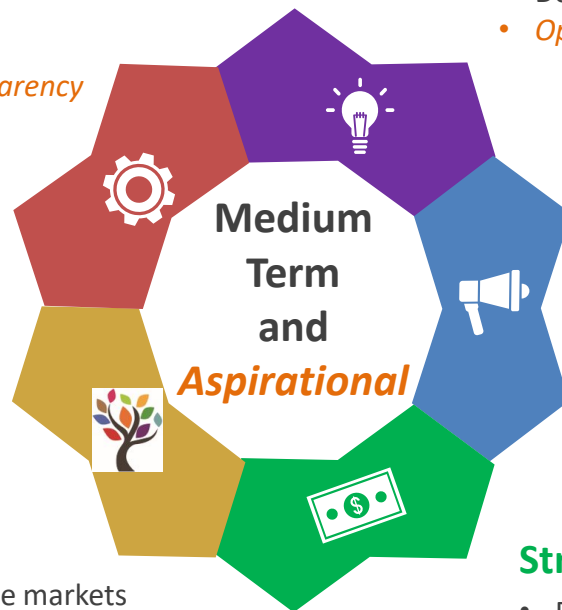


# Envision 2021

## Strategic Initiatives: Medium Term and Aspirational

### Enhance Operational Effectiveness

- Consider operational structure of the OPEB Master Trust
- Standardize and refine performance and risk reports
- Expand contract compliance for private markets
- Refine rebalancing practices
- Custody bank search
- *Increase position-level transparency*



### Raise LACERA T.I.D.E.

- Be adaptable; refine goals
- Move beyond data collection
- Expand engagement to private markets
- Inspire industry towards active DEI participation
- *Be an in-demand employer of choice*

### Optimize Investment Model

- Evaluate additional investment strategies for the OPEB Master Trust
- Explore in-house investment management in public markets
- Form alliances with similarly situated investors
- Develop co-investing in Real Assets
- *Opportunistically evaluate early-stage manager seeding*

### Maximize Stewardship and Ownership Rights

- Refine and continue to execute engagement initiatives
- Elevate relevant discussions with business partners
- Climate aware asset allocation implementation
- Produce thought and white papers
- *Influence market best practices and policy*

### Strengthen Influence on Fees and Cost of Capital

- Partner with like-minded institutional investors
- Consider creative alternative account and fee structures
- Balance being an in-demand LP with top-tier access while driving LP-friendly terms
- *Be dynamic*

Many short-term projects evolve over time and become medium term and aspirational initiatives that may not be shown above



# Prospective 2021 Calendar

## Tentative Board of Investments and Committee Meetings

	January	February	March	April	May	June	July	August	September	October	November	December
Board of Investments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	<i>[ Potential mid-year virtual or Q4 in-person Offsite ]</i>											
Corporate Governance Committee		✓								✓		
Credit and Risk Mitigation Committee			✓						✓			
Equity: Public/Private Committee					✓						✓	
Real Assets Committee						✓						✓

- Each committee meets at least two times
- Additional meetings would be scheduled on an as-needed basis
- Will work with the Board regarding Offsite format and logistics



# Envision 2021

## Aspirations

IPS and Beliefs



LACERA Values



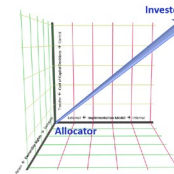
Continuous Board Guidance



Strategic Asset Allocation



Allocator to Investor



Staffing and Culture



### Envision 2021: Work Plan and Strategic Initiatives

Enhance risk adjusted return expectations while maintaining liquidity to ...



... produce, protect, and provide the promised benefits





# Appendix



# 1<sup>st</sup> Quarter 2021 Preliminary Monthly Calendar View

FEBRUARY 2021	
Board of Investments:	
Category	Subject
Total Fund	Strategic Asset Allocation Study
Total Fund	4Q2020 Trust and OPEB Performance Report
Total Fund	Meketa 4Q2020 Trust and OPEB Performance Report
Total Fund	Revised Risk Reports – MSCI Barra One Preview
Growth	Private Equity Investment Recommendation
Risk Mitigation	Hedge Funds Investment Recommendation (2)
Real Assets	Real Estate Investment Recommendation (2)
Real Assets	Infrastructure Investment Recommendation
Credit	Illiquid Credit Investment Recommendation
Committee: Corporate Governance	
Category	Subject
Corporate Governance	Governance & Stewardship Principles Review
Corporate Governance	Possible Governance Ballot Actions

MARCH 2021	
Board of Investments:	
Category	Subject
Total Fund	OPEB Strategic Asset Allocation Recommendation
Total Fund	Strategic Asset Allocation Study
Total Fund	Board Offsite Planning
Growth	Private Equity Investment Recommendation
Risk Mitigation	Dedicated Managed Account Recommendation
Real Assets	Real Estate Investment Recommendation
Real Assets	Natural Resources Investment Recommendation
Credit	LIBOR Update Report
Credit	High Yield RFP Manager Recommendation
Corporate Governance	Governance & Stewardship Principles (Advanced)
Corporate Governance	Possible Governance Ballot Actions (Advanced)
Committee: Credit and Risk Mitigation	
Category	Subject
Credit	Illiquid Credit Education

Please note that certain listed items are subject to Committee advancement and/or Board approval



# 2<sup>nd</sup> Quarter 2021 Preliminary Monthly Calendar View

APRIL 2021	
Board of Investments:	
Category	Subject
Total Fund	Strategic Asset Allocation Study
Total Fund	Investment Procedure Manual Update
Total Fund	OPEB IPS Update
Growth	Private Equity Investment Recommendation
Real Assets	Infrastructure Investment Recommendation
Committee: none	
Category	Subject

MAY 2021	
Board of Investments:	
Category	Subject
Total Fund	Strategic Asset Allocation Recommendation
Total Fund	1Q2021 Trust and OPEB Performance Report
Total Fund	Meketa 1Q2021 Trust and OPEB Performance Report
Growth	Private Equity Investment Recommendation
Real Assets	Natural Resources Investment Recommendation
Corporate Governance	Proxy Platform and Research RFP Recommendation
Committee: Equity	
Category	Subject
Growth	Private Equity Synthetic Portfolio Education
Growth	Private Equity Emerging Manager MQs
Growth	Global Equity Currency Hedging Program Review

JUNE 2021	
Board of Investments:	
Category	Subject
Total Fund	IPS Update
Total Fund	General Consultant Search MQs
Growth	Private Equity Emerging Manager MQs (Advanced)
Growth	Private Equity Investment Recommendation
Committee: Real Assets	
Category	Subject
Real Assets	Real Estate Structure Review
Real Assets	Review of Role and Correlation to Other Assets
Real Assets	Title Holding Company Commercial Bank Review

Please note that certain listed items are subject to Committee advancement and/or Board approval



# 3<sup>rd</sup> Quarter 2021 Preliminary Monthly Calendar View

JULY 2021	
Board of Investments:	
Category	Subject
Total Fund	Potential Board Offsite
Total Fund	Active Overlay Recommendation
Growth	Private Equity Investment Recommendation
Growth	Assessment of Manager Search Process
Real Assets	Real Estate Structure Review (Advanced)
Real Assets	Infrastructure Investment Recommendation
Committee: none	
Category	Subject

AUGUST 2021	
Board of Investments:	
Category	Subject
Total Fund	2Q2021 Trust and OPEB Performance Report
Total Fund	Meketa 2Q2021 Trust and OPEB Performance Report
Growth	Private Equity Investment Recommendation
Risk Mitigation	Hedge Funds Investment Recommendation
Real Assets	Natural Resources Investment Recommendation
Committee: none	
Category	Subject

SEPTEMBER 2021	
Board of Investments:	
Category	Subject
Total Fund	Consultant Self-Evaluations
Total Fund	Risk Budgeting Education
Growth	Private Equity Investment Recommendation
Growth	Private Equity Consultant Recommendation
Committee: Credit and Risk Mitigation	
Category	Subject
Risk Mitigation	Structure Review
Credit	Structure Review
Credit	Emerging Manager Program

Please note that certain listed items are subject to Committee advancement and/or Board approval



# 4<sup>th</sup> Quarter 2021 Preliminary Monthly Calendar View

OCTOBER 2021	
Board of Investments:	
Category	Subject
Growth	Private Equity Investment Recommendation
Risk Mitigation	Structure Review (Advanced)
Credit	Structure Review (Advanced)
Credit	Emerging Manager Program (Advanced)
Real Assets	Infrastructure Investment Recommendation
Real Assets	Real Estate Investment Recommendation
Committee: Corporate Governance	
Category	Subject
Corporate Governance	Proxy Voting Results and Trends FY2021
Corporate Governance	PRI Assessment Results and ESG Integration Update
Corporate Governance	Governance Engagement Initiatives Update and Review

NOVEMBER 2021	
Board of Investments:	
Category	Subject
Total Fund	3Q2021 Trust and OPEB Performance Report
Total Fund	Meketa 3Q2021 Trust and OPEB Performance Report
Total Fund	T.I.D.E. Initiative Update
Growth	Private Equity Emerging Manager Recommendation
Growth	Private Equity Investment Recommendation
Real Assets	Natural Resources Investment Recommendation
Committee: Equity	
Category	Subject
Growth	2022 Private Equity Commitment Pacing
Growth	Analysis of the Role of Activist Managers

DECEMBER 2021	
Board of Investments:	
Category	Subject
Total Fund	AB2833 - Investment Fee Validation Review
Total Fund	Custody Bank Search MQs
Growth	Private Equity Investment Recommendation
Growth	2022 Private Equity Commitment Pacing (Advanced)
Growth	Analysis of the Role of Activist Managers (Advanced)
Credit	Illiquid Credit Investment Recommendation
Committee: Real Assets	
Category	Subject
Real Assets	International Real Estate Implementation Plan
Real Assets	Real Assets Structure Review

Please note that certain listed items are subject to Committee advancement and/or Board approval



# STRATEGIC PLAN

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## RETIREE HEALTHCARE PROGRAM

Yesterday, Today, Tomorrow

**FISCAL YEARS ENDING 2020-2022**



**L/CERA**

## OVERVIEW

LACERA's Board of Retirement administers the Los Angeles County Retiree Healthcare Program. LACERA staff, external consultants, and advisors assist the Board of Retirement's Insurance, Benefits & Legislative Committee in overseeing the Los Angeles County Retiree Healthcare Program.

In 1961 the County Employees Retirement Law of 1937 (CERL) was amended to allow pension systems to provide healthcare to retirees in two ways:

- Board of Supervisors can pay all or part of the cost
- Board of Retirement can pay via excess earnings.

## OUR MISSION

To efficiently administer the Healthcare Benefits Program for retired association members and beneficiaries and provide a healthcare program of the highest quality at an affordable cost.

## OUR CORE VALUES

**PROFESSIONALISM** \* We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

**RESPECT** \* Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

**OPEN COMMUNICATIONS** \* Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our

members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

**FAIRNESS** \* Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

**INTEGRITY** \* We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

**TEAMWORK** \* We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.



# OUR OBJECTIVES

## **PRUDENT FIDUCIARY**

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

## **RESPONSIVE AND QUALITY SERVICES**

To provide responsive and consistent quality service using integrated cost effective procedures.

## **COMMUNICATION**

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

## **QUALITY WORKFORCE**

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

## **MANAGE GROWTH AND CHANGE**

To manage growth and change through planning, innovation, and the maximum use of available technology.

# OUR HISTORY

## **The 1970s**

In January 1971, with the assistance of its healthcare consultant, Johnson & Higgins, LACERA first offered a hospital-medical plan and subsidized the retiree's premium by using excess earnings. At that time, the Board of Retirement offered retirees the choice of remaining in Blue Cross, Kaiser, or Ross-Loos from an active employment status. For those electing not to stay with their "active" plan carrier, Occidental or Kaiser Permanente was made available to them.

The indemnity dental/vision plan became a part of the Los Angeles County Retiree Healthcare Benefit Program effective January 1, 1977; with July 1, 1996, the first offering of the CIGNA Dental Health Plan - pre-paid – HMO plan.

## **The 1980s**

In April 1982, the Board of Retirement negotiated an agreement with the County obligating the County to fund the healthcare program so long as the County provided a healthcare program for active employees

The administration of the Los Angeles County Retiree Healthcare Program has gone through several evolutionary organizational changes. Initially, the insurance processing was handled as a function of the Retiree Member Unit as part of the retirement payroll function. Subsequently, at the recommendation of an independent auditor, the function was decentralized to several benefits processing units (team concept).

## **The 1990s**

In early 1992, a determination was made that the health and dental/vision staff support provided to our members was at an unacceptable level; thus, in May 1992, LACERA established the Insurance Services Section (now known as the Retiree Healthcare Division) to centralize the administration of the healthcare program.

With the establishment of the Retiree Healthcare Division in 1992, came the addition of LACERA's first Medicare Advantage plans (Kaiser Health Pledge, now Senior Advantage; Secure Horizons; FHP Golden Healthcare-*terminated 6/30/94*) and Medicare Supplement plan (Provident III), along with a Medicare Part B Reimbursement Program. This complimented the five medical plans (Kaiser, Blue Cross Prudent Buyer, CIGNA Network Model, Provident I, and Provident II) and one dental/vision plan with Provident already offered to retirees.

Effective August 1994, the 1982 agreement was amended to guarantee the County's obligation to continue providing a program even if the County terminated their health program for active employees.

### **The Twenty-First Century**

Our progression to the future is necessarily focused on our primary goal of providing efficient, accurate and friendly service to members. We want to utilize and develop the skills and expertise of our staff to achieve the highest quality service possible. We continue to explore ways to ensure that we capitalize our human and technological resources to maximum effect.

Prior to 2009, all enrollment forms, correspondence, etc. were delivered directly to the Retiree Healthcare Division. In March 2009, we began scanning enrollment forms and correspondence via the CIB (Client In-Basket) document management system, which provided us the ability to better track and monitor workflow. When scanning of healthcare work objects began, an average of 950 forms were received monthly. With Baby Boomers reaching retirement eligibility, that average has climbed to 1,260 enrollment forms per month, while the number of staff processing those enrollments has decreased due to restructure of the Division and additional staff responsibilities.

In 2013, we reorganized the Division to capitalize on the skills and strengths of staff and to ensure that we provide efficient and effective customer service to our Members. Our Division is currently divided into four

specialized units: Call Center, Operations, Financial/Special Projects and Audits.

## OUR STRATEGIC INITIATIVES

### **Successful Implementation of 2014 RHC Program Changes**

In January 2014, Los Angeles County (plan sponsor) informed LACERA of a proposed plan to lower the employer costs for the Retiree Healthcare Program changes for new employees hired on or after July 1, 2014. The adopted plan has been named Los Angeles County Retirees Healthcare Program -Tier 2 (Tier 2). We worked closely with other Divisions, including Communications, Member Services, Claims Processing, and Systems to update processes, information and procedures. Retiree Healthcare staff is in the process of revising our *Exploring Your Healthcare Benefits Through LACERA* booklet and information packet. We are also working with Systems with programming Workspace to calculate the County subsidy at the retiree only premium level to support the new benefits structure and mandated Medicare enrollment for Tier 2 members. The only outstanding item is Modify Information Systems – Enrollment, which is targeted by Systems for completion in FY2015-2016. All staff from our RHC Units (Call Center, Operations, Audits, and Quality Assurance/Special Projects) are fully trained on all aspects of the new healthcare benefits so our members can continue to receive excellent and accurate service.

## Continued Integration of Information Technology

Information technology continues to play a vital role in Retiree Healthcare's ability to serve our retirees and their dependents. For the past few years, all enrollment processing functions have been integrated into Workspace. This has helped increase the efficiency of our Operations staff and helped the overall member experience. We continue working toward providing our members more electronic options to download forms, carrier-related documents, receive education, and complete enrollment. Already in place is the ability for members to input information into enrollment forms online which can then be printed and submitted for processing. The ultimate goal is for members to complete the enrollment process online, with no need to print or mail forms. We are moving forward with anticipated informational and training videos to be included in the Retiree Healthcare section of LACERA.com that will be produced with the help of the Communications Division. The first of these videos were originally intended to be ready by the end of the 2014-2015 fiscal year, but were delayed due to the reallocation of staff resources to prepare for the implementation of Tier 2 to assist with RDS and ERRP audits, and process an increased number of enrollments.

### LACERA.com

GOAL	IMPLEMENTATION DATE
RHC Enrollment web video	FY 2022-2023
Medicare 101 web video	FY 2022-2023
RHC members' electronic submission of enrollment	FY 2022-2023

## Workspace

The focus began with improving the tools available to Retiree Healthcare Specialists by changing the 1960s era computer input screens (Green Screens) with user friendly Windows based input screens. We have fully transitioned to all enrollment functions being processed through Workspace. We are also still looking toward automating transmittal of members' enrollment information to the carriers. We have been working with Systems to create an efficient process to automate the population of imputed income in 1099 forms for affected members. We are now re-evaluating the need for such a system. With the legalization of same sex marriage, the number of members requiring 1099 forms has dropped significantly. It may prove to be a better use of resources to handle the approximately one-hundred forms manually.

GOAL	IMPLEMENTATION DATE
Streamline generation and mailing of confirmation letter upon member election via Workspace	FY 2022-2023
Automate monthly premium reconciliation process	FY 2022-2023
Electronic submission to carriers*	FY 2021-2022

\*Currently testing electronic submission of enrollments to Kaiser (weekly files as of February 2021).

## Member Interaction and Communication

It is our responsibility to educate our members and assist them while making healthcare choices suitable for their needs. With so many changes in the world of healthcare today coupled with the various options available for our members to choose, our plan is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print

materials and videos. We have made significant strides forward in automating correspondence to members and continue to look toward making the member's experience as consistent, informative, and efficient as possible.

GOAL	IMPLEMENTATION DATE
<i>Implement new seminar for members becoming Medicare eligible*</i>	FY 2022-2023
Develop Medicare 101 Packet	FY 2022-2023

\*Partnership with Member Services Division

### **Financial & Special Projects Section**

The Quality Assurance and Special Projects Section is responsible for identifying, creating and implementing new efficiencies. They build upon the quality assurance practices we have already put in place to assess needs such as staff training or task allocation. This section will also coordinate and conduct quality control of staff work (both Operations and Call Center) to ensure accuracy and will be responsible for working audits of our insurance carriers. Finally, this section will handle higher level tasks and projects such as Medicare RDS research, EGWP implementation, Affordable Care Act implementation, and accounting and monthly financial reconciliation. Development of guidelines for higher-level functions listed below is in progress.

GOAL	IMPLEMENTATION DATE
Dependent database audit RFP	Postponed
Dependent database audit completion	FY 2020-2021

### **Audits Section**

The Audits Section is responsible for generating and conducting audits that are both generated based on internal needs (such as the Code 19 project) or based on reports received from different carriers (Kaiser, Cigna, SCAN and United Healthcare). The staff assigned to this Section are responsible for researching and updating discrepancies found between member's accounts on LACERA and carrier's systems, including processing of complex premium adjustments and Medicare Part B retrievals. Part of the process is to notify other Divisions at LACERA for eligibility updates for members and beneficiaries. The staff are also responsible for notifying members of any premium adjustments or eligibility changes and will be the ultimate point of contact for any future calls or correspondence regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year. In addition, the Audits Section is responsible in checking the enrollment forms for accuracy.

GOAL	IMPLEMENTATION DATE
Medicare Certification project	FY 2022-2023
Automation of Medicare Part B retrievals	FY 2022-2023

### **Call Center Section**

The Retiree Healthcare Call Center is the first interface in which our staff interact with members. Call Center Specialists are responsible for answering member inquiries pertaining to their Medical and Dental/Vision



enrollment, eligibility issues, premium payments in addition to assisting members and their eligible dependents in selecting an appropriate Medical and/or Dental/Vision plan that suits their needs.

To ensure our Call Center staff are well versed in all LACERA Administered plans, our specialists receive “in-house” training for approximately six weeks. This training is in addition to the Core Benefits training that is offered by the Quality Assurance Division.

GOAL	IMPLEMENTATION DATE
<b>RHC- New toll free number</b>	<b>Postponed</b>

### **Operations Section**

Operations Section staff are assigned a specific carrier with whom they work and serve as a point-of-contact for the carrier, internal staff, and members for questions and issues regarding that carrier. Operations staff are responsible for processing all enrollments, including new members, changes and cancellations for all plans.

GOAL	IMPLEMENTATION DATE
Process enrollment through Workspace (PDF) and submission to carriers via e-mail	FY 2019-2020
<b>Revise RHC Enrollment Processing Guidelines</b>	<b>FY 2022-2023</b>

## Table of Contents:

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2021-2022

# RETIREE HEALTHCARE

Budget Highlights

## **Mission**

To effectively administer the Retiree Healthcare Benefits Program for LACERA members, survivors, and their eligible dependents and to provide a healthcare program of the highest quality at an affordable cost.

## **INTRODUCTION**

The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members, survivors, and eligible dependents. This budget request for Fiscal Year 2021-2022 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many complex changes in Federal and State Programs such as the Affordable Care Act (ACA), Medicare, and Social Security guidelines as applicable to the RHCBP, in addition to the general health care landscape. This budget will provide the division with the support needed to deliver timely quality service to our retired members/survivors and their eligible dependents.

The RHC Division consists of the following units:

- **Operations Unit**  
Assists in planning, assigning, organizing, and directing the work of staff engaged in the research, resolution, and processing of Healthcare retirement benefits.
- **Audits Unit**  
Assists in conducting extensive operational and procedural audits to ensure guidelines are followed by staff. Engage in carrier auditing of account to reflect that accurate eligibility and premiums are being paid. Monthly call monitoring of phone calls between members and staff to assert that retirees are being provided accurate information during each encounter.
- **RHC Call Center**

Assists member and the organization at large with resolving complex questions regarding the Retiree Healthcare Benefits Program and provides information to management regarding its impact on division operations.

#### RHC Successes:

- Polished procedures to address the varying monthly Medicare Part B premium cost to eligible members/survivors and their eligible dependents
- Achieved an overall single digit premium increase
- Fully staffed the RHC Call Center
- Improved the Operations enrollment processing triage description for efficiency
- Each divisional unit is now aligned in accordance with the organizational chart
- Established virtual call center and are able to assist members with their questions remotely
- Established work-from-home guidelines and have access to the system, eHR and Intranet
- Staff are able to upload documents to Workspace and send documents to members via Workspace
- Staff have been able to adjust working from home and process enrollment forms electronically with the use of Acrobat Reader

#### RHC Challenges:

- Inability for members to be able to submit electronic enrollment forms
- Submitting paper enrollments to the health plan carriers
- Limited office space
- Medicare Part B premium verification requirement
- Policy mandating that all employees hired as a Retirement Benefits Specialist participate in the one-year CORE Benefits training class even though they are being hired to perform other work within the organization
- Some of our work processes still require us to go to the office

### **STAFFING**

There are currently 31 budgeted positions in Retiree Healthcare. Our budget request for Fiscal Year 2021-2022 will increase our budgeted positions from 31 to 37 by adding two Retirement Benefits Specialist III's to the Operations Unit and four Retirement Benefits Specialist II's that will be equally divided between the Audits Unit and the Call Center.

Two Retirement Benefits Specialist II's will be assigned to the Retiree Healthcare Call Center to assist with the increasing volume of phone calls that Retiree Healthcare has been experiencing. This will allow the Operations team to focus on their enrollment processes and assisting members resolve complex healthcare eligibility, prescription, and medical benefit claims issues.

The remaining two Retirement Benefits Specialist II's will be assigned to the

Audits/Financial Unit to assist with member data and carrier audits, member billings, and handling COBRA billings. This will allow the higher-level Retirement Benefits Specialist III's assigned to the Audits Unit to focus on triaging incoming work, checking enrollments staff accuracy, and call monitoring.

### **Classification Study**

Upgrade four Retirement Benefits Specialist II's to Retirement Benefits Specialist III level.

- Staff is requesting a classification study of four RBS II levels within our Operations Unit. Staff assigned to this unit are performing duties that are commensurate with a higher-level classification. The duties performed include processing medical and dental/vision enrollment forms, prior period adjustments for healthcare premiums as well Part B premium reimbursements, billings, resolving insurance carrier issues on behalf of the members, and composing correspondence to members.
- Staff also assist in resolving complex healthcare eligibility, prescription, and medical benefit claims issues between the member and the carrier. The workload in this unit continues to increase, because of increasing healthcare enrollments and Part B verifications. In addition, Operations staff provides support to the Retiree Healthcare Call Center with one staff assigned and located in the Member Services Center (MSC) to assist with face-to-face counselling.
- Lastly, staff is requesting that a re-classification study of the entire Retirement Benefits Specialist class be conducted to reclassify to another item class. Currently, Retiree Healthcare is unable to hire new staff, without the candidate participating and completing the one-year CORE benefit training program before we are able to fill our vacant positions. While we support and agree with the CORE training, the training provided does not include the skills and knowledge needed once completing with the CORE training. Thus, upon the candidate completing the year training, they must then be trained on the Retiree Healthcare position for an additional 6 weeks at minimal in order to service and educate members about their LACERA benefits. During this time, the Retiree Healthcare Division is understaffed.

### **Agency Temp**

Staff is requesting six Agency Temps to assist in Operations, Audits, and the Call Center. Our workload is ever increasing due to March Madness, annual Part B verification project, increasing enrollments, carrier discrepancy report projects, and call volume. Since working from home due to the current Covid-19 pandemic and closure of Member Service Center for a face-to-face meeting, member healthcare insurance inquiries through the healthcare e-mail, member portal, and call center have increased.

### **RHC Call Center Section**

Adding two Agency Temps will assist our Call Center in the ever-increasing volume of calls as shown in the charts below. Currently, Operations and Audits staff also provides support to the Call Center as the call volume is increasing. Having additional staff in the

Call Center will also help free up Operations and Audits staff to focus on their primary tasks of member enrollment processing and checking.



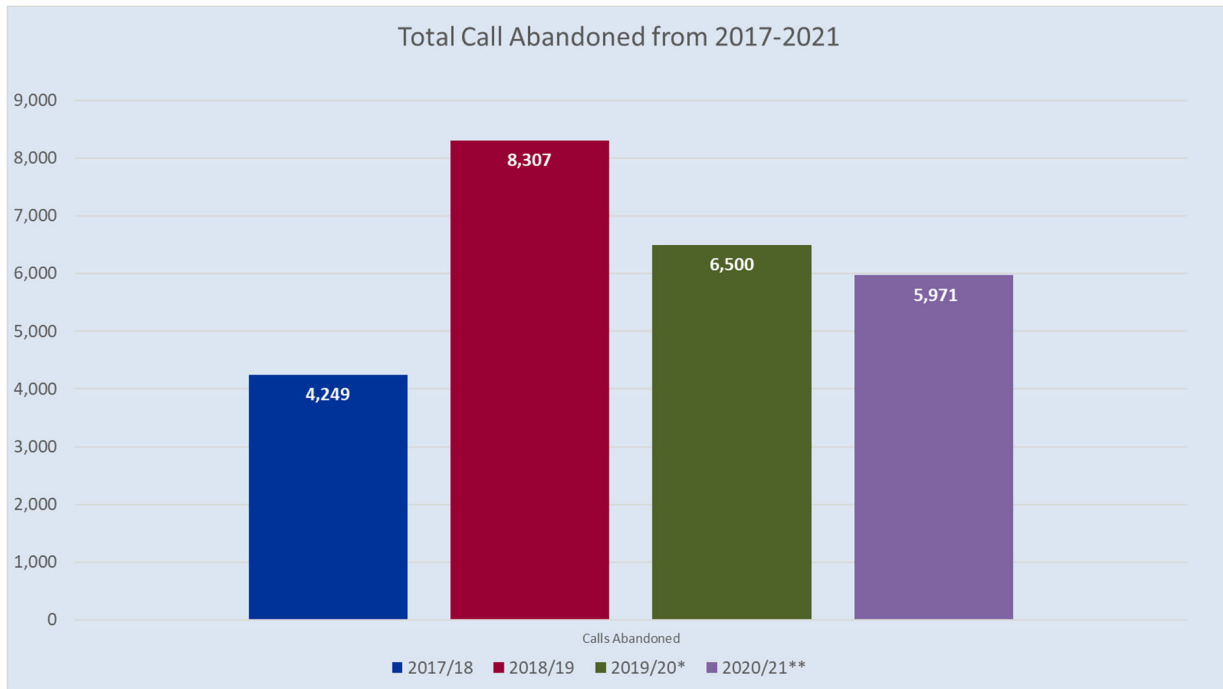
\* Total does not include calls received for March 2020 to April 2020, due to statewide Covid-19 pandemic lockdown. Call Center shut down and not available remotely.

\*\*Total includes calls received from July 2019 to January 2021 only.



\* Total does not include calls received for March 2020 to April 2020, due to statewide Covid-19 pandemic lockdown. Call Center shut down and not available remotely.

\*\*Total includes calls received from July 2019 to January 2021 only.



\* Total does not include calls received for March 2020 to April 2020, due to statewide Covid-19 pandemic lockdown. Call Center shut down and not available remotely.

\*\*Total includes calls received from July 2019 to January 2021 only.

## Operations Section

Average of enrollment (work objects) received daily: 100 to 150

Average of total work objects received daily: 250 (not including Part B)

Average of processing time for an enrollment: 45 minutes to 1 hour

Staff's average on total enrollment (by member) completed (if able to allocate full 8 hours per day on their primary duties) is 4 to 5 enrollments. Currently, Operations staff are allocating an average of 2 to 3 hours daily in assisting with Call Center incoming calls, and this includes supervisors assisting in the AWS VCC Supervisor Queue.

We currently have six full time staff processing healthcare enrollment forms, responding to member correspondence, responding to healthcare enrollment or eligibility Service Requests via Workspace, Medicare Part B premium verification, contacting carriers resolving member enrollment, and benefit issues in Operations. One staff member is assisting the call center on a half-day basis. Two agency temps are assisting in processing the high volume of Medicare Part B premium verification project.

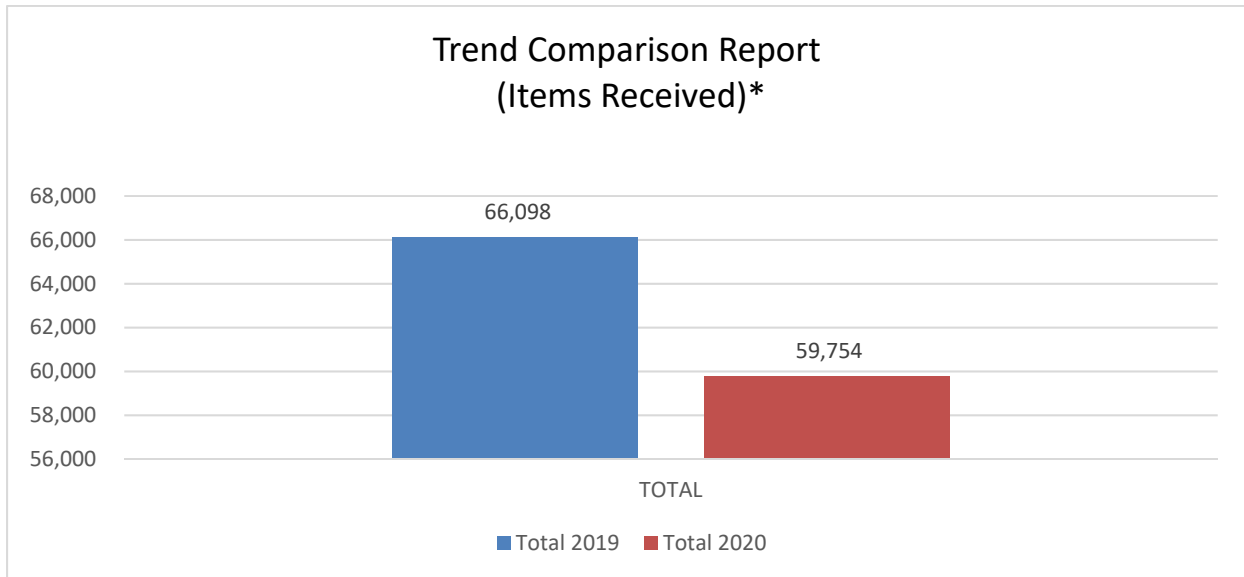
Additional factors for increase in work volume:

- Operations staff are also now uploading documents on Workspace since we began working from home. Before the COVID-19 pandemic, documents were sent to DPC for scanning. It takes time to upload documents as they need time to be prepped, organized, ensure they are legible, and add the received date and saved as PDF in order to upload to Workspace.
- Increase in work objects received and processed due to March Madness
- Increase volume of work objects due to the annual Medicare Part B premium verification project

The volume of daily work received daily is very high compared to the hours allocated to duties and tasks. The additional two agency temp staff being requested will greatly assist the Operations unit.

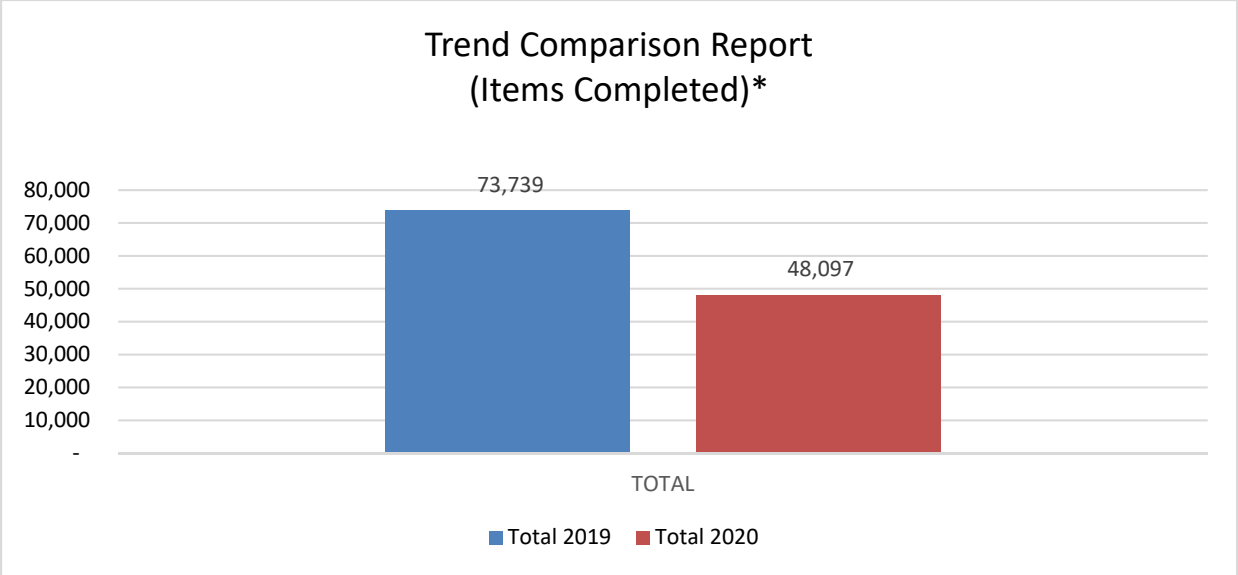
Below are charts showing the Operations Section work volume:

### Trend Report Comparison by Work Object



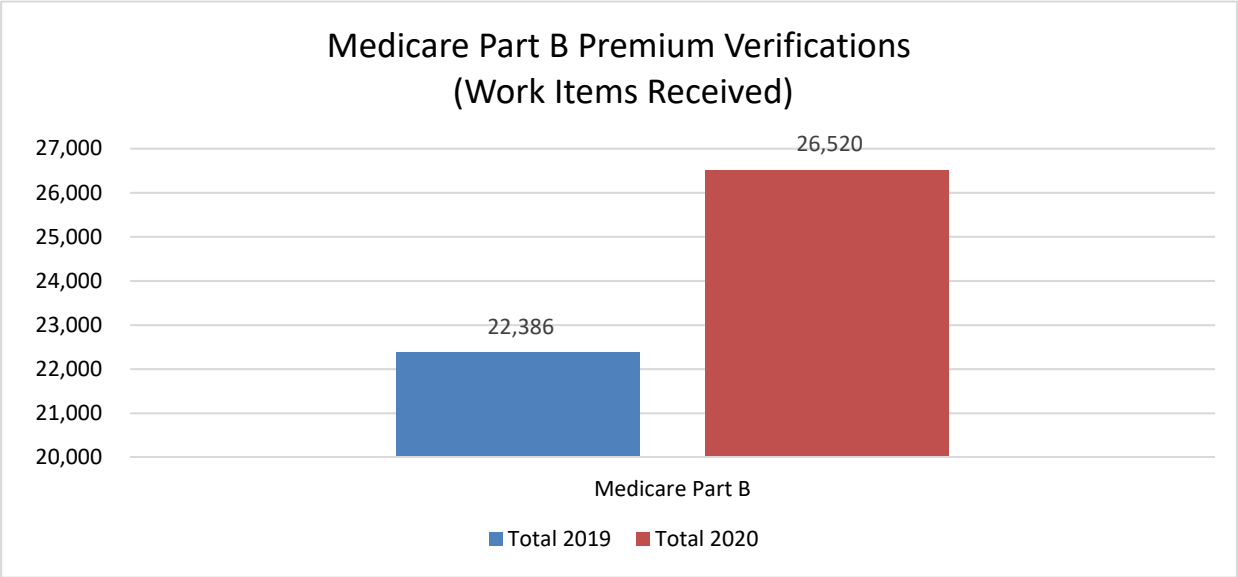
\*Healthcare Insurance Work Objects: Enrollment Processing Inquiry, Escalation, Phone Inquiry, Correspondence, Enrollments, Future Enrollment (Active Status), March Madness, Medicare Part B

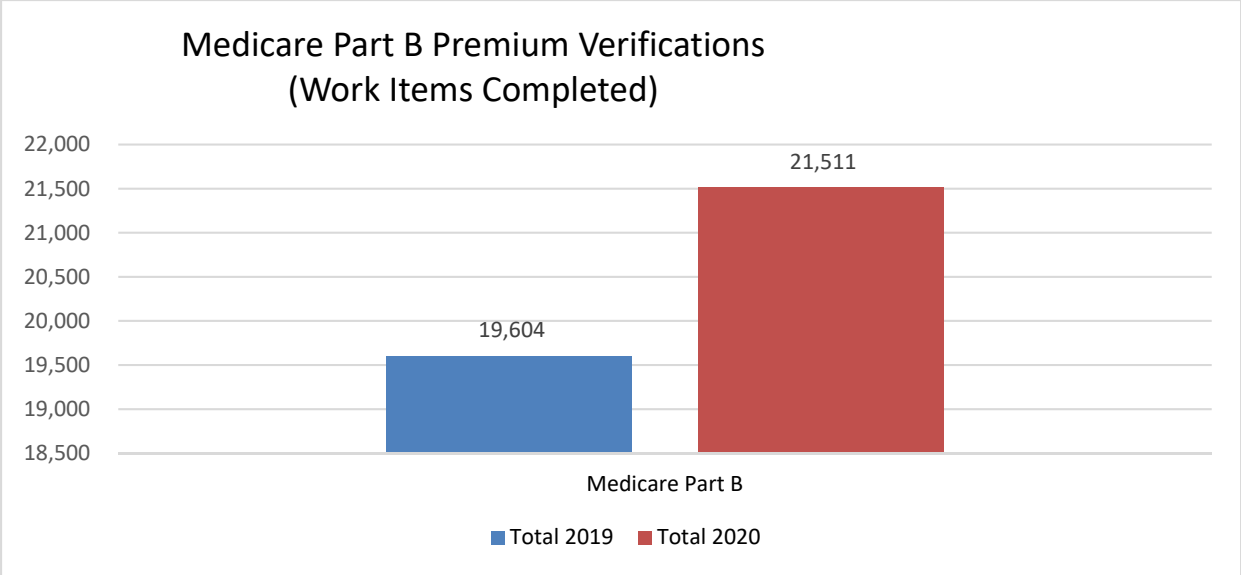




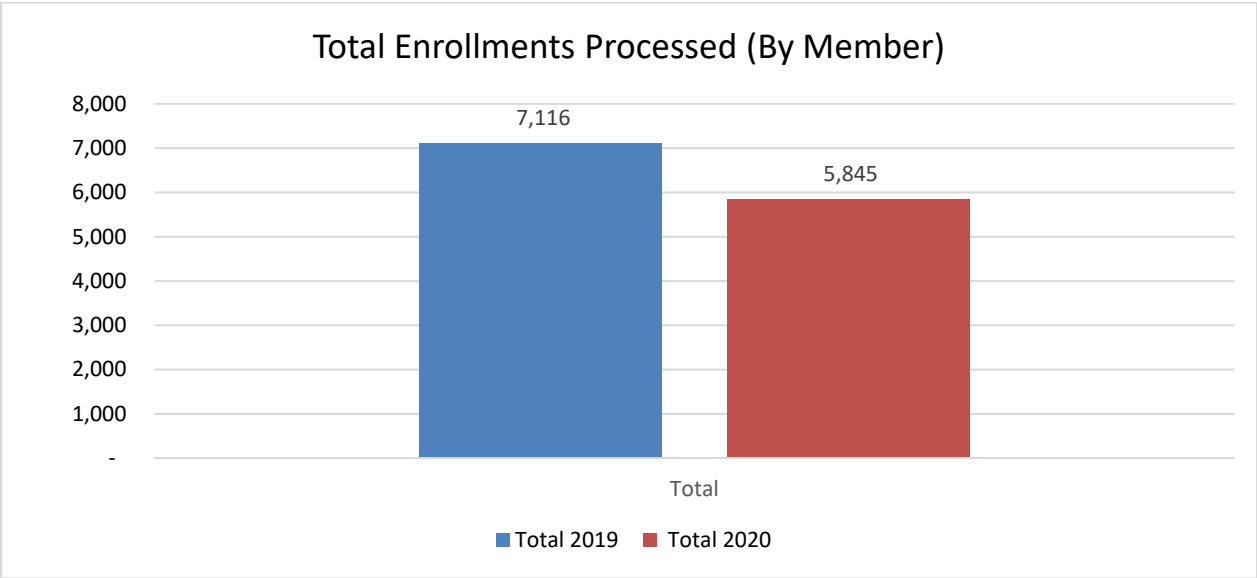
\*Healthcare Insurance Work Objects: Enrollment Processing Inquiry, Escalation, Phone Inquiry, Correspondence, Enrollments, Future Enrollment (Active Status), March Madness, Medicare Part B

### Medicare Part B Premium Verifications by Work Object





**Total Enrollments Processed (By Member)**



\*Healthcare Insurance Enrollments: New Enrollments, Changes, Deleting Family Member, Cancelation, Survivor Re-Enrollment, Active Death Survivors

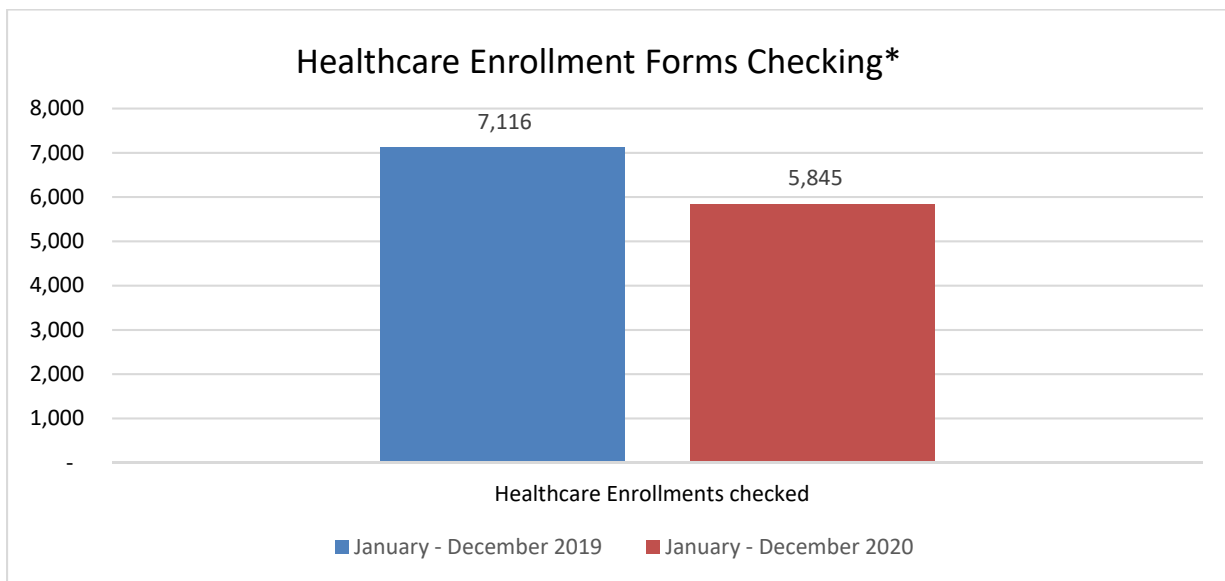
**Audits Section**

As the volume of work in Operations is increasing, it is also increasing in the Audits Section. Audits staff are responsible in checking all the healthcare enrollments that are processed in Operations to ensure they are processed and inputted in the System correctly. The Audits team is also responsible in processing and managing the death reports, carrier discrepancy reports, account analysis, years of service audits, call monitoring, account analysis, Code 19, Medicare Part B premium verification processing, member correspondence, and Part B audits. They are also called on to

assist in the RHC Call Center when all hands-on deck is required, including the supervisors.

Having the additional two Agency Temps would assist this team greatly in that more healthcare enrollment forms, especially during March Madness, are checked and completed therefore ensuring members are enrolled timely. In addition, the two additional staff would enable the Audit team to clear up the carrier discrepancy reports backlog, Code 19, Part B audits, and timely responses to healthcare e-mails and member portal inquiries. The Audits section is also responsible in responding to healthcare e-mails and member portal member inquiries. The volume has increased due to retired members not able to have a face-to-face meeting at LACERA due to the current pandemic.

Below chart shows the enrollments checking work volume comparison:



\*Healthcare Insurance Enrollments: New Enrollments, Changes, Deleting Family Member, Cancellation, Survivor Re-Enrollment, Active Death Survivors

## **Overtime**

Overtime is being requested to manage the workload related to the high volume of enrollment forms received resulting from March Madness, processing of Medicare Part B premium verifications, and for any unanticipated special projects and special mailings that regularly occur. The total overtime amount being requested for this fiscal year is \$118,500.

## **SERVICES AND SUPPLIES**

### **Postage—Special Retiree Mailings**

Our Postage—Special Retiree Mailing account is primarily used to fund the postage costs and printing for the following mass mailing materials.

- Annual letter packet mailing

- Rate booklets
- Medicare Part D prescription drug coverage Creditable Coverage Notice
- Retiree Staying Healthy Together Program bi-annual workshop invitations
- Medicare Part B Premium Verification Notices
- Other unanticipated special mailings

We will not be conducting the Non-LACERA Medicare Part D warning/reminder notices and the Non-discrimination Notices in compliance with ACA 1557 in the coming fiscal year. They will be included in the annual letter packet mailing. The volume of the Medicare Part B Notices mailing will decrease as we will only target the members/survivors enrolled in a Medicare HMO and Medicare Supplement Plan (decrease of 10,000 notices). Due to these changes, we are decreasing our Postage-Special Retiree Mailings budget by \$100,000.

**Professional and Specialized Services–Audits**

We have budgeted \$120,000 to cover the cost of conducting the following program audits for this fiscal year:

Plante Moran/Cav Mac Audits	\$ 120,000
<b>Total</b>	<b>\$ 120,000</b>

- **Plante Moran/Cav Mac Audits**  
Internal Audit is adding a SOC 1 Type 2 audit over OPEB data and the cost of GASB 75 as it relates to the RHCBP for this fiscal year and Plante Moran/Cav Mac will be performing the audits.

**FUNDING AND OPERATING EXPENSES**

The Retiree Healthcare Benefits Program's (RHCBP) operating expenses must be funded by the program and its operations cannot be subsidized by the trust funds used to operate the retirement benefit trust. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, a RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

For the 2021-2022 plan year, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in the next fiscal year. Staff's ongoing responsibilities and increasing costs of administering the program due to increased membership, operational costs, and implementation of the ever complex and myriads of federal and Medicare rules and regulations may necessitate the need to again review the current administrative fee.

Below is a chart of RHCBP's revenue and expenses over the past 10 years based on the administrative fee:

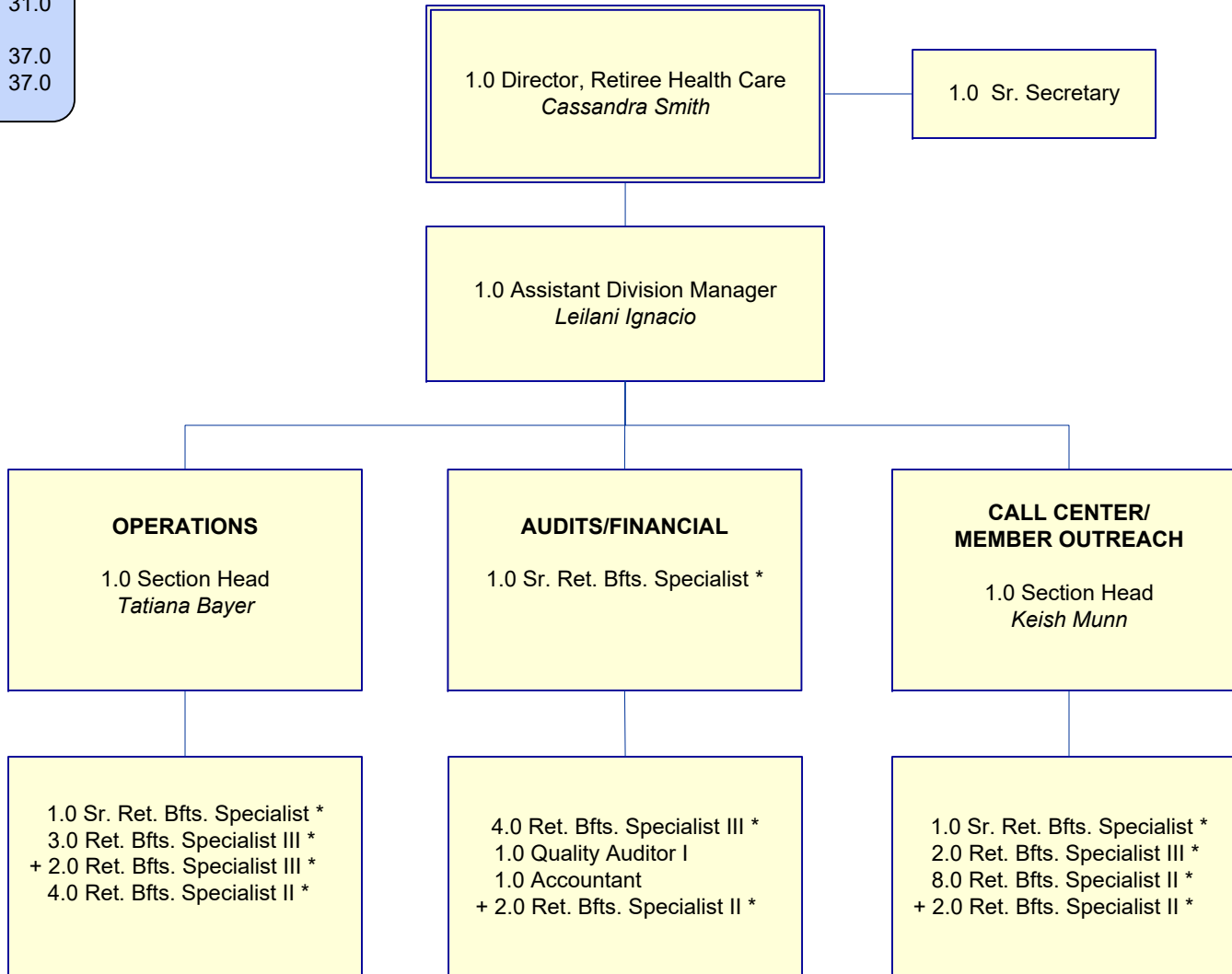
**RHC ADMIN REVENUE AND EXPENSES  
FOR THE LAST 10 YEARS**

Fiscal Year Ending	Fee	Admin Revenue	Admin Expenses	Over/(Under)
FYE 2011	\$ 3.00	\$ 3,062,112	\$ 3,532,195	\$ (470,083)
FYE 2012	\$ 3.00	\$ 3,133,352	\$ 3,232,274	\$ (98,922)
FYE 2013	\$ 3.00	\$ 3,351,652	\$ 4,597,261	\$ (1,245,609)
FYE 2014	\$ 5.00	\$ 5,466,487	\$ 5,006,498	\$ 459,989
FYE 2015	\$ 5.00	\$ 5,578,149	\$ 5,424,333	\$ 153,816
FYE 2016	\$ 5.00	\$ 5,984,986	\$ 5,279,617	\$ 705,369
FYE 2017	\$ 8.00	\$ 9,631,327	\$ 5,326,190	\$ 4,305,137
FYE 2018	\$ 8.00	\$ 9,559,745	\$ 5,681,953	\$ 3,877,792
FYE 2019	\$ 8.00	\$ 9,823,062	\$ 6,118,267	\$ 3,704,794
FYE 2020	\$ 8.00	\$ 10,076,876	\$ 6,828,067	\$ 3,248,809

# RETIREE HEALTH CARE BENEFITS PROGRAM

## FISCAL YEAR 2021-2022

2020-2021 Bud. Pos.: 31.0  
 2020-2021 Hiring Plan: 31.0  
 2021-2022 Bud. Pos.: 37.0  
 2021-2022 Hiring Plan: 37.0



+ Added position

\* Classification study for the position requested.

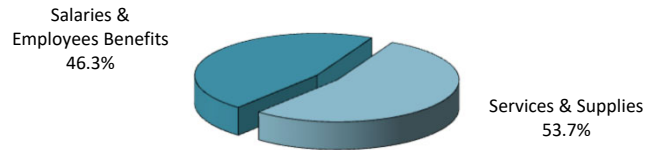
**RETIREE HEALTHCARE BENEFITS PROGRAM**

**FISCAL YEAR 2021-2022**

**BUDGET SUMMARY**

	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	PROPOSED BUDGET 2021-2022	YTD		OVER/(UNDER)		\$ CHANGE	% CHANGE	
		BUDGET	(03-31-21)	PROJECTION	BUDGET			% CHANGE
<b>Salaries &amp; Employees Benefits</b>	<b>\$5,272,936</b>	\$3,838,039	\$2,652,660	\$3,909,763	\$71,724	1.9%	\$1,434,897	37.4%
<b>Services &amp; Supplies</b>	<b>6,118,192</b>	5,315,628	3,287,874	5,013,528	(302,100)	-5.7%	802,564	15.1%
<b>OPERATING BUDGET</b>	<b>\$11,391,128</b>	\$9,153,667	\$5,940,534	\$8,923,291	(\$230,376)	-2.5%	\$2,237,461	24.4%

**2021 - 2022 PROPOSED BUDGET**



\*All amounts rounded to the nearest dollar.

**RETIREE HEALTHCARE BENEFITS PROGRAM**  
**FISCAL YEAR 2021-2022**  
**SALARIES AND EMPLOYEE BENEFITS SUMMARY**

	<b>PROPOSED BUDGET 2021-2022</b>	<b>CURRENT YEAR 2020-2021</b>			<b>COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION</b>		<b>COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET</b>	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
<b>Total LACERA Salaries</b>	<b>\$2,814,534</b>	\$2,237,740	\$1,582,023	\$2,306,475	\$68,735	3.1%	\$576,794	25.8%
<b>Total Agency Temp Salaries</b>	<b>511,700</b>	308,000	196,351	308,000	0	0.0%	203,700	66.1%
<b>Employee Benefits (Variable)</b>	<b>1,728,430</b>	1,093,418	765,072	1,147,606	54,188	5.0%	635,012	58.1%
<b>OPEB Contribution</b>	<b>82,573</b>	66,081	40,978	54,470	(11,611)	-17.6%	16,492	25.0%
<b>Stipends</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>Overtime</b>	<b>118,500</b>	115,600	58,952	83,227	(32,373)	-28.0%	2,900	2.5%
<b>Bilingual Bonus</b>	<b>3,600</b>	3,600	1,700	2,400	(1,200)	-33.3%	0	0.0%
<b>Sick Leave Buyback</b>	<b>10,000</b>	10,000	7,585	7,585	(2,415)	-24.2%	0	0.0%
<b>Rideshare Allowance</b>	<b>3,600</b>	3,600	0	0	(3,600)	-100.0%	0	0.0%
<b>Transportation Allowance</b>	<b>0</b>	0	0	0	0	0.0%	0	0.0%
<b>ADJUSTED GROSS S&amp;EB</b>	<b>\$5,272,936</b>	\$3,838,039	\$2,652,660	\$3,909,763	\$71,724	1.9%	\$1,434,897	37.4%
<b>Salary Differential</b>	<b>-</b>	-	-	-	-	-	-	-
<b>TOTAL S&amp;EB</b>	<b>\$5,272,936</b>	\$3,838,039	\$2,652,660	\$3,909,763	\$71,724	1.9%	\$1,434,897	37.4%

\*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 03/15/21, with the exception of Agency Temp Salaries, which are as of 03/31/21.



LACERA  
FISCAL YEAR 2021-2022  
SALARIES

RETIREE HEALTHCARE BENEFITS PROGRAM

2021-2022 BUDGET

FILLED POSITIONS		# POS.	SCHEDULE	ACTUAL MO. RATE	ANNUAL AMOUNT			
00793A	DIRECTOR, RETIREE HEALTHCARE	1	LS14	16,887	202,646			
00771A	ASSISTANT DIVISION MANAGER	1	LS10	13,421	161,053			
00772A	SECTION HEAD	2	LS9	19,129	229,544			
01311A	RETIREMENT BENEFITS SPECIALIST III	9	96A	65,458	785,496			
00796A	QUALITY AUDITOR I	1	95H	7,624	91,488			
00415A	ACCOUNTANT	1	93A	7,028	84,336			
00439A	SENIOR SECRETARY	1	89G	6,229	74,750			
01310A	RETIREMENT BENEFITS SPECIALIST II	8	89F	45,338	544,062			
POSITIONS		24			2,173,374			
VACANT POSITIONS		# POS.	SCHEDULE	1ST STEP MO. RATE	ANNUAL AMOUNT	FILLED AT 12 MONTHS	FILLED AT 9 MONTHS	FILLED AT 6 MONTHS
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	3	101F	6,600	79,199	237,597		
01311A	RETIREMENT BENEFITS SPECIALIST III	2	96A	5,657	67,884			67,884
01310A	RETIREMENT BENEFITS SPECIALIST II	8	89F	4,738	56,852			227,407
POSITIONS		13			532,887	237,597	0	295,291
TOTAL POSITIONS		37						
GROSS SALARIES					2,706,262			
ANTICIPATED MOU SALARY INCREASE**					0			
ANTICIPATED STEP AND/OR MERIT SALARY INCREASE					32,279			
BONUS					0			
120-DAY RETIREE(S)		1			75,994			
TOTAL SALARIES					2,814,534			

MAPP Tier I and Tier II positions are shown at actual salaries as of 01/01/21.  
 Represented/Non-Represented positions are shown at actual salaries as of 01/01/21.  
 Represented positions shown in blue.  
 Vacancies are shown at the 1st Step.  
 \*All amounts rounded to the nearest dollar.  
 \*\* Gross salaries are multiplied by 0% to calculate anticipated MOU increase.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**AGENCY TEMPORARY STAFFING  
HISTORY OF EXPENDITURES**

<b>DIVISION</b>	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
Retiree Healthcare	\$132,100	\$69,213	\$60,300	\$231,964	\$308,000	\$308,000	\$511,700
<b>GRAND TOTAL</b>	<b>\$132,100</b>	<b>\$69,213</b>	<b>\$60,300</b>	<b>\$231,964</b>	<b>\$308,000</b>	<b>\$308,000</b>	<b>\$511,700</b>

\*All amounts rounded to the nearest dollar.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**OVERTIME  
HISTORY OF EXPENDITURES**

<b>DIVISION</b>	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projection</b>	<b>Budget</b>
Retiree Healthcare	\$36,245	\$20,815	\$113,700	\$27,124	\$115,600	\$83,227	\$118,500
<b>GRAND TOTAL</b>	<b>\$36,245</b>	<b>\$20,815</b>	<b>\$113,700</b>	<b>\$27,126</b>	<b>\$115,600</b>	<b>\$83,227</b>	<b>\$118,500</b>

\*All amounts rounded to the nearest dollar.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**BUDGET REQUEST INFORMATION**

**VACANT POSITIONS  
SUMMARY**

<b>Division</b>	<b>Budgeted Positions FY 2020-2021</b>	<b>Vacancy (as of 04/30/21)</b>	<b>%</b>	<b>Budgeted Positions FY 2021-2022*</b>	<b>Vacancy</b>	<b>%</b>
Retiree Healthcare	31	7	23%	37	13	35%
<b>TOTAL</b>	<b>31</b>	<b>7</b>	<b>23%</b>	<b>37</b>	<b>13</b>	<b>35%</b>

\* Includes new requested positions. We plan to fill all vacant positions.

**RETIREE HEALTHCARE BENEFITS PROGRAM**

**FISCAL YEAR 2021-2022**

**SERVICES & SUPPLIES ACCOUNT SUMMARY**

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF CURRENT YEAR BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET	
		YTD			OVER/(UNDER)		\$ CHANGE	% CHANGE
		BUDGET	(03-31-21)	PROJECTION	BUDGET	% CHANGE		
TRANSPORTATION & TRAVEL	<b>\$28,500</b>	\$25,000	\$0	\$0	(\$25,000)	-100.0%	\$3,500	14.0%
POSTAGE	<b>300,000</b>	400,000	61,099	400,000	0	0.0%	(100,000)	-25.0%
OFFICE SUPPLIES & EQUIPMENT	<b>6,000</b>	4,000	432	2,500	(1,500)	-37.5%	2,000	50.0%
OPERATIONAL COSTS	<b>4,532,792</b>	3,269,328	2,437,631	3,257,828	(11,500)	-0.4%	1,263,464	38.6%
PROFESSIONAL AND SPECIALIZED SERVICES	<b>1,209,800</b>	1,561,500	784,274	1,325,000	(236,500)	-15.1%	(351,700)	-22.5%
BANK SERVICES	<b>21,500</b>	21,000	0	21,000	0	0.0%	500	2.4%
EDUCATIONAL EXPENSES	<b>19,300</b>	34,500	4,438	7,000	(27,500)	-79.7%	(15,200)	-44.1%
MISCELLANEOUS	<b>300</b>	300	0	200	(100)	-33.3%	0	0.0%
<b>TOTAL</b>	<b>\$6,118,192</b>	<b>\$5,315,628</b>	<b>\$3,287,874</b>	<b>\$5,013,528</b>	<b>(\$302,100)</b>	<b>-5.7%</b>	<b>\$802,564</b>	<b>15.1%</b>

\*All amounts rounded to the nearest dollar.

## Table of Contents:

### Other Post-Employment Benefits (OPEB) Trust

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<b>Cost Summary</b>	
Cost Summary	3-0



### **Cost Allocation: The Need for Separate Accounting of the OPEB Trust**

The County of Los Angeles (County), LACERA and the Superior Court maintain a Retiree Healthcare Program (RHP) for their members. In FY 2012-13, the County established a trust in order to fund this program. In FY 2016-17, the Superior Court established a trust to participate in the program. Beginning in FY 2017-18, the costs of administering the program were displayed separately, based on the size of the participating agencies. The Board of Investments of LACERA is the trustee and investment manager for the trusts.

The Trust Agreements between the County, Superior Court, and LACERA stipulate that “...*the Trustee (LACERA) shall be entitled to payment or reimbursement of all its reasonable and appropriate expenses incurred in administering or investing the Trust...*” In other words, LACERA will not expend its principal or operating allocation to administer the Trusts. Instead, the Trust Agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB trust.

To avoid OPEB Trust assets being commingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with administering the OPEB Trust.

### **A Method for Tracking OPEB Trust Expenses**

Only the LACERA Divisions that participate in the administration of the OPEB Trust are included in the calculation of costs. These divisions are: Administrative Services, Communications, Executive Office, FASD, Human Resources, Internal Audit, Investments, Legal Services, Systems and Retiree Healthcare.

Each division utilizes staff and resources to administer the OPEB Trust. In estimating the costs to administer the trust, LACERA considers the amount of time expended by employees as a share of the total cost of salaries and benefits. In estimating the additional costs used to administer the trust, LACERA also considers the share of the total costs of services and supplies.

## **Cost Methodology**

There are four categories of expenses applicable to our cost methodology as follows:

### **Direct Costs of Salaries & Employee Benefits**

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. Those "hours spent" are converted into a percentage of annual hours. The salaries and benefits totals of each staff member are then multiplied by the percentage of annual hours devoted to OPEB.

### **Indirect Services & Supplies**

These costs were estimated by taking the overall cost of services and supplies for LACERA and dividing it by the total number of employees. This provides LACERA with a "per employee cost" which is then multiplied by the overall percentage of hours worked on OPEB.

### **Indirect Salaries & Employee Benefits**

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these Divisions are added up, then divided by the number of LACERA employees to determine a per employee cost. This total is then multiplied by the overall percentage of hours worked on OPEB.

### **Direct Services & Supplies**

Direct Services and Supplies costs are based on actual payment requests that are applicable to OPEB.

## **Allocation of Costs**

The total overhead cost is divided amongst County, LACERA, and the Superior Court. The shared cost is allocated in a hybrid method that considers fund size, effort, and resources to approximate a fair and equitable allocation. These allocations are scheduled to be reviewed every two years. The current allocation is:

- County – 75 percent
- LACERA – 5 percent
- Superior Court – 20 percent

## **Reconciliation of Actual Costs**

At the close of each fiscal year, the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.



## OPEB COST ALLOCATION

**FISCAL YEAR 2021-2022**

PROPOSED BUDGET 2021-2022	CURRENT YEAR 2020-2021			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 20-21 BUDGET		
	YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
	BUDGET	(03-31-21)	PROJECTION					
<b>Salaries &amp; Employees Benefits</b>	<b>\$495,700</b>	\$428,043	\$321,032	\$402,360	\$93,340	23.2%	\$67,658	15.8%
<b>Services &amp; Supplies</b>	<b>187,449</b>	154,153	115,615	144,904	42,546	29.4%	33,297	21.6%
<b>OPERATING BUDGET</b>	<b>\$ 683,150</b>	\$582,196	436,647	547,264	\$135,886	24.8%	\$100,954	17.3%

### 2021 - 2022 PROPOSED BUDGET

