



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 3

MEETING DATE: November 16, 2022

SUBJECT: Strategic Management Plan Review 2022

SUBMITTED FOR: Consent **Deliberation and Action** **Receive and File**

RECOMMENDATION

Staff recommends the Board receive and file the Strategic Management Plan presentation, with deliberation and action on any changes to the 2023 plan.

PURPOSE

This item informs the Board on progress with implementation of the Strategic Management Plan.

DISCUSSION

SCERS established the Strategic Management Program in 2018 to measure and guide progress in achieving continuous enterprise performance improvement. The program is organized around six goals, operational objectives to be managed within each goal, and specific activities for the year tied to the objectives and goals.

The attached presentation reports the progress against the plan during 2022 and presents upcoming initiatives for 2023.

ATTACHMENT

- Board Order
- Strategic Management Plan Presentation

Prepared by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
November 16, 2022

AGENDA ITEM:

Strategic Management Plan Review 2022

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file Strategic Management Plan presentation, with deliberation and action on any changes to the 2023 plan.

I HEREBY CERTIFY that the above order was passed and adopted on November 16, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

Keith DeVore
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Strategic Management Plan

PERFORMANCE DASHBOARDS - 2022

November 16, 2022

Strategic Framework





Goal 1

Customer Service and Experience

Customers satisfied with timely, friendly, convenient, and accurate pension administration services.

Objectives

- 1.1 - Deliver quality member and participant service and experience
- 1.2 - Deliver quality employer service and experience



Goal 1

Customer Service and Experience

TARGETS	OUTCOMES	LAST YEAR
> 75% of new retirees paid within 45 days of retirement	30% within 45 days Median: 60 days (through 9/30/2022)	14% within 45 days Median: 63 days (through 9/30/2021)
> 90% of new retirees paid within 60 days of retirement	63% within 60 days (through 9/30/2022)	33% within 60 days (through 9/30/2021)
Satisfaction of new retirees surveyed > 80%.	73% Average monthly (through 9/30/2022)	60% Average monthly (through 9/30/2022)



Goal 1

Customer Service and Experience

Key Activities

- Stabilized retirement application processing month-over-month
- Set communication touch-points for staff to contact applicants at regular intervals
- Filled key vacancies in customer service areas
- Modernized forms, facilitated electronic signatures
- Improved new-retiree satisfaction year-over-year



Goal 1

Customer Service and Experience

Next Year

- Move retirement application processing time closer to targets
- Roll out on-line tools for members (member portal services, online retirement applications)
- Track and report service-levels in other key areas, such as death benefits, disability, service purchases; added specialist to staff

Further Out

- Build modern “call center,” with virtual and live-chat options.
- 30-day turnaround is the long-range target for first retirement payment



Goal 2

Stakeholder Communication and Outreach

Transparent communication among stakeholders to support clear understanding of roles and responsibilities, and the value of defined-benefit pensions.

Objectives

- 2.1 - Promote transparency, fairness, and consistent compliance with laws and regulations
- 2.2 - Communicate timely financial and actuarial information to stakeholders
- 2.3 - Engage and educate members and employers
- 2.4 - Collaborate with peer pension systems and organizations



Goal 2

Stakeholder Communication and Outreach

TARGETS	OUTCOMES	LAST YEAR
Effectiveness of presentations to members and employers; Satisfaction > 80%	99% “good,” “very good,” or “excellent” 4.2/5 average score (February, April, and August pension planning webinars)	89% “good,” “very good,” or “excellent” 3.8/5 average score (March, May, July, and September pension planning webinars)
	Employer Forum postponed to 2023	100% “agree” or “strongly agree” 4.6/5 average score (Jan 2021 Employer Forum)
Increase website page-views by 10% year-over-year	4.3% 1/1/2022 – 9/30/2022	-5% 1/1/2021-9/30/2021
25% of active members registered on new portal	Portal postponed to 2023	New measure added for 2022



Goal 2

Stakeholder Communication and Outreach

Key Activities

- Closed out series of 9 educational videos
- Hosted four pension planning webinars
- Improved timely delivery of Annual Statements from prior year; produced tutorial video on how to read Annual Statement
- Published 4 quarterly newsletters
- Hired new design vendor for annual financial and investment reports; redesigned Popular Annual Financial Report (PAFR)
- Updated key policies
- Provided outreach to members regarding *Alameda* updates
- Communicated and facilitated Board elections
- Launched LinkedIn page
- Maintained active presence and participation at SACRS



Goal 2

Stakeholder Communication and Outreach

Next Year

- Conduct outreach campaign to register members/retirees on MySCERS member portal
- Re-institute Employer Forum
- Produce pension planning webinar video
- Finalize roles and responsibilities agreements with County, other employers
- Develop online Employer “Handbook”

Further Out

- Develop traveling retirement planning/info sessions to department worksites
- Expand retirement planning webinars for early- and mid-career employees
- Increase partnership with employers on retirement planning, financial literacy
- Evaluate need for increased social media presence



Goal 3

Funding Integrity and Sustainability

Prudent and effective funding policies and practices that assist in producing low contribution rate volatility and plan sustainability.

Objectives

- 3.1 - Minimize funding volatility
- 3.2 - Promote plan sustainability
- 3.3 - Minimize administrative expenses and demonstrate fiscal stewardship
- 3.4 - Promote responsible oversight to ensure accuracy and protect plan assets



Goal 3

Funding Integrity and Sustainability

TARGETS	OUTCOMES	LAST YEAR
100% funded	87% funded as of 6/30/2022	94% funded as of 6/30/2021
Maintain operational budget at or below inflation	9% growth in 2022-23	1% growth in 2021-22



Goal 3

Funding Integrity and Sustainability

Key Activities

- Completed actuarial audit; found liabilities and costs “reasonably accurate”
- Conducted Felony Forfeiture actions
- Finalized data set for *Alameda* benefit corrections and began processing refunds and pension adjustments
- Re-affirmed key funding policies
- Onboarded new death audit service
- Adopted responsible-growth operating budget for 2022-23, adding key positions to critical-need areas



Goal 3

Funding Integrity and Sustainability

Next Year

- Complete court-mandated *Alameda* benefit corrections and contribution refunds
- Monitor and help facilitate Sanitation Districts separation from County re: apportioning pension liabilities
- Conduct triennial experience study, review assumptions

Further Out

- Develop plans for internal compliance/audit effort to improve oversight of policies and procedures



Goal 4

Investment Planning and Growth

An investment program that meets SCERS' assumed rate of return over time and carefully manages investment risks.

Objectives

- 4.1 - Manage a diverse investment portfolio
- 4.2 - Ensure liquidity sufficient to fund benefit payments and operations
- 4.3 - Leverage external experts to maximize investment guidance and results
- 4.4 - Ensure effective oversight of investment program



Goal 4

Investment Planning and Growth

TARGETS	OUTCOMES	LAST YEAR
Meet or exceed actuarial assumed rate of return over 3-, 5-, 10-year periods (net of fees)	3 years: 8.2% vs 6.75% 5 years: 8.4% vs 6.75% 10 years: 8.4% vs 6.75% (as of 6/30/2022)	3 years: 11.9% vs 6.75% 5 years: 11.9% vs 6.75% 10 years: 8.9% vs 6.75% (as of 6/30/2021)
Meet or exceed benchmarks, over 3-, 5-, 10-years (net of fees)	3 years: 8.2% vs 6.8% 5 years: 8.4% vs 7.0% 10 years: 8.4% vs 7.7% (as of 6/30/2022)	3 years: 11.9% vs 10.3% 5 years: 11.9% vs 10.2% 10 years: 8.9% vs 8.4% (as of 6/30/2021)
Rank in the top half of a competitive, after-fee peer universe over 3-, 5-, 10-year periods (net of fees)	3 years: Top 23rd percentile 5 years: Top 15th percentile 10 years: Top 35th percentile (InvMetrics Public DB > \$1B Gross Median)	3 years: Top 24th percentile 5 years: Top 21st percentile 10 years: Top 46th percentile (InvMetrics Public DB > \$1B Gross Median)
Maintain responsible pacing of new investment commitments in line with Investment Annual Plan	Percent of investment plan fulfilled: Private Equity: 93% Private Credit: 77% Real Assets: 50% Real Estate: 36% Overall: 66% (as committed through 9/30/22 and planned through 12/31/2022)	Percent of investment plan fulfilled: Private Equity: 100% Private Credit: 125% Real Assets: 99% Real Estate: 117% Overall: 104% (through 12/31/2021)



Goal 4

Investment Planning and Growth

Key Activities

- Adopted 2022 Annual Investment Plan and maintained responsible pacing of new investment opportunities
- Approved two new Fixed Income managers
- Approved two new Global Equity managers
- Updated Investment Policy Statements
- Extended Verus and Townsend consultant contracts
- Updated Cash Management Policy and conducted liquidity study
- Engaged Burgiss to provide new Portfolio Analytics and Risk Management platform
- Conducted Board education sessions



Goal 4

Investment Planning and Growth

Next Year

- Review updated capital market assumptions and evaluate modifications to asset allocation
- Complete integration of new portfolio analytics software
- Conduct fiduciary "health check" of investment contracts

Further Out

- Review delegated authority between staff and Board



Goal 5

Organizational Development and Culture

A high-performance organizational structure and workforce that is not dependent on any one person.

Objectives

- 5.1 - Organize to promote accountability and career progression
- 5.2 - Strengthen workforce with the capacity and skills needed to fulfill SCERS' mission
- 5.3 - Build on a supportive work environment and culture
- 5.4 - Promote strong Board-Staff partnership



Goal 5

Organizational Development and Culture

TARGETS	OUTCOMES	LAST YEAR
Staff vacancy rate <10%	23% vacancy (49 filled out of 64, as of 10/31/2022)	29% vacancy (42 filled out of 59, as of 12/31/2021)
>95% of performance evaluations completed on time (on or before work anniversary)	NA due to change in business process	83% on time 94% completed within 1 month of anniversary
Overall satisfaction of employees surveyed > 80% (annual survey)	80%	76%
Conduct at least one Board educational presentation a quarter	5 Board education sessions conducted (planned through 12/31/2022)	4 Board education sessions conducted



Goal 5

Organizational Development and Culture

Key Activities

- Recruited and filled key positions, supplemented with temps
- Retained training consultant, rolled out new curriculum and procedures
- Initiated development planning for each classification, retained new service provider for “soft-skill” training
- Provided all-staff training and workshops in key areas, such as customer service
- Maintained safe and healthy workplace during COVID
- Re-instituted Social Committee, held first Annual Staff Picnic, other events
- Completed Tenant Improvement project, updated office environment, technology
- Focused on staff safety, adjusted office hours and parking arrangement
- Onboarded new trustees



Goal 5

Organizational Development and Culture

Next Year

- Launch Telework 2.0
- Roll out new performance evaluation module
- Deploy training and development plans
- Hold more regular all-staff training sessions, team building activities
- Engage Board to evaluate and update investment-related reports, agenda items, and communications

Further Out

- Initiate class study on Benefit Specialist job series



Goal 6

Enterprise Capability and Technology

Enterprise cross-functional capabilities and technology platforms, continuously enhanced to improve performance, productivity, and efficiency.

Objectives

6.1 - Leverage technology and creative solutions to enhance enterprise performance

6.2 - Implement continuous improvements to business processes

6.3 - Manage strategically with performance-based decision making

6.4 - Ensure the continuity of benefit payments and service delivery



Goal 6

Enterprise Capability and Technology

TARGETS	OUTCOMES	LAST YEAR
Legacy systems replaced by end of 2023, within budget	On track	Schedule change



Goal 6

Enterprise Capability and Technology

Key Activities

- Assessed state of Pension Administration System (PAS) project, renegotiated contract terms, and revised plan to close out project by Dec. 2023
- Resumed on-site support and training from PAS vendor
- Mapped new and interim business processes and redeployed staff across business units
- Leveraged resources from project-management provider to supplement staff
- Leveraged resources from DTech to enhance project oversight
- Refreshed desktop computers
- Evaluated disaster backup systems for retiree payroll
- Retained service provider for disaster response and business continuity



Goal 6

Enterprise Capability and Technology

Next Year

- Complete PAS project, transition new payroll processes between SCERS and other County departments
- Retain “Lean” business consultant to further streamline processes
- Implement new staffing structure for IT

Further Out

- Retain Strategic Planning consultant to engage Board and staff on new long-term plan
- Maintain “continuous improvement” mindset for enhancing technology and improving business processes