



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 7

**MEETING DATE:** November 17, 2021

**SUBJECT:** Strategic Management Plan – Performance Dashboards 2021

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

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### **RECOMMENDATION**

Staff recommends the Board receive and file the Strategic Management Plan presentation, with deliberation and action on any changes to the 2022 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 2021 and presents upcoming initiatives for 2022.

### **ATTACHMENT**

- Board Order
- Strategic Management Plan Presentation

Prepared by:

/S/

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Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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**Before the Board of Retirement  
November 17, 2021**

MOTION:

### **Strategic Management Plan—Performance Dashboards**

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the Strategic Management Plan presentation.

I HEREBY CERTIFY that the above order was passed and adopted on November 17, 2021 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

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Richard B. Fowler II  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary

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Item 7



**SCERS**  
CELEBRATING **80** YEARS

# Strategic Management Plan

PERFORMANCE DASHBOARDS - 2021

November 17, 2021

# CORE VALUES

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We are committed to:

**STEWARDSHIP** by recognizing the trust members put in us to manage assets and resources prudently, to sustain SCERS for future generations.

**COMMUNICATING** clearly and concisely, recognizing that members and employers expect us to act with integrity, transparency, and honesty.

## Core Values (continued)

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**EXCELLENCE** by taking pride in our work, maintaining high expectations, and focusing on results.

**RESPONSIBILITY** by taking ownership of work, following through, holding ourselves accountable, and embracing ethical behavior.

**SOLUTIONS** by working with urgency to help one another succeed, fostering teamwork and collaboration, and asking for help when needed.

# Strategic Framework





# Goal 1

## Customer Service and Experience

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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	2021 OUTCOMES	LAST YEAR
>50% of new retirees paid within 30 days of retirement	2% within 30 days (through 9/30/2021)	10%
> 75% of new retirees paid within 45 days of retirement	14% within 45 days (through 9/30/2021)	44% <b>MEDIAN: 47 days</b>
> 90% of new retirees paid within 60 days of retirement	33% within 60 days (through 9/30/2021) <b>MEDIAN: 63 days</b>	87%
> 80% of initial disability retirement determinations completed within 6 months of application.	0%	4%
>95% of new disability retirement applications reviewed within 30 days for completeness.	0%	NA
Satisfaction of new retirees surveyed > 80%.	64%	82%



# Goal 1

## Customer Service and Experience

### Key Activities

- Focused on member responsiveness in remote/hybrid environment.
- Closed out March retirement wave
- Cleared retirement application backlog
- Reopened office for member appointments
- Re-engineered business processes to streamline and improve service level performance
- Initiated changes to expedite death benefit processing
- Initiated business process improvement to update bad addresses



# Goal 1

## Customer Service and Experience

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### Next Year

- Focus on core business during IT system implementation.
- Launch new member online portal.
- Roll out member self-scheduling system for retirement appointments.

### Further Out

- 30-day turnaround is the long-range target.
- Continue expanding on-line tools for employees and employers.
- Develop plans for "office hours" at work sites throughout County to enhance service delivery.
- Evaluate potential for virtual contact center and live-chat options.



## 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	2021 OUTCOMES	LAST YEAR
Effectiveness of presentations to employers; Satisfaction > 80%	100% “agree” or “strongly agree” with effectiveness (January 2021 Employer Forum)	100% "agree" or "strongly agree" with effectiveness (January 2020 Employer Forum)
Effectiveness of presentations to members; Satisfaction > 80%	85% “good,” “very good,” or “excellent” (Jul and Sep 2021 pension planning webinars)	93% "good," "very good," or "excellent" (Aug and Oct 2020 pension planning webinars)
Increase website page-views by 10% year-over-year	-5% (January-Sept 2021)	19% (January-Sept 2020)
25% of active members registered on new portal by end of 2021	0%; portal delayed	NA; new measure added for 2021



## Goal 2

# Stakeholder Communication and Outreach

## Key Activities

- Increased member touchpoints regarding retirement application and service delivery
- Expanded web-based education materials and videos; and webinars for members and employers
- Updated key Board policies: Board Elections, Membership, Protection of Individual Records, Privacy and Confidentiality, Recognized Retiree Organization, Administrative Appeals; Estimated Benefit Payment
- Increased staff participation in CALAPRS training
- Provided timely information to members and employers on COVID impacts and policies (office hours, sick leave, post-retirement waiver)
- Provided outreach and notice to members, labor groups, and employers regarding *Alameda* ruling
- Held special election for Alternate Safety trustee; regular election for Miscellaneous, Safety trustees
- Co-chaired SACRS legislative committee



## Goal 2

# Stakeholder Communication and Outreach

### Next Year

- Conduct outreach campaign to register members/retirees on MySCERS member portal
- Build on employer services program and roll out employer portal
- Evaluate need for increased social media presence
- Evaluate process changes enabled by Ariel (Go Green initiative -- member notices, monthly statements, 1099Rs, newsletters)
- Develop additional "how to" videos on using member portal (e.g. using calculator)

### Further Out

- Expand Retirement Planning Webinars; early, mid-year, and advanced career
- Increase partnership with employers on retirement planning, financial literacy
- Hold member workshops on various topics (service credit purchases, reciprocity, divorce, disability)
- Add clarifying policies on reciprocity and service purchases



## Goal 3

# Funding Integrity and Sustainability

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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 in 20 years (2041)	94.4% funded, as of 6/30/21	78.6% funded, as of 6/30/20
Maintain operational budget at or below inflationary growth (excluding IT project/capital costs)	1% increase for 2021-22	2% reduction for 2020-21



## Goal 3

# Funding Integrity and Sustainability

### Key Activities

- Produced 3rd annual "risk report" that analyzed contribution rate volatility and funding sensitivity
- Adopted "flat" operating budget
- Implemented path forward following *Alameda* ruling on court-mandated benefit corrections and contribution refunds
- Engaged Cheiron to conduct actuarial audit
- Incorporated new GASB 84 standards and aligned Annual Comprehensive Financial Report (ACFR) timeline and audit in order to align with County's financial reporting timeline
- Reaffirmed and updated key policies, including: Actuarial Funding Policy, Interest Crediting Policy, Subrogation Claims Policy



## Goal 3

# Funding Integrity and Sustainability

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### Next Year

- Complete *Alameda* benefit corrections
- Complete and present actuarial audit
- Support final compensation and service credit policies in DSA lawsuit

### Further Out

- Develop plans for 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	2021 OUTCOMES	LAST YEAR
Meet or exceed actuarial assumed rate of return, over 3-, 5-, 10-year periods	3 years: 12.2% vs 6.75% 5 years: 12.1% vs 6.75% 10 years: 9.1% vs 6.75% (as of 6/30/2021)	3 years: 6.9% vs 7% 5 years: 6.6% vs 7% 10 years: 8.7% vs 7% (as of 6/30/2020)
Meet or exceed benchmarks, over 3-, 5-, 10-years	3 years: 12.2% vs 10.3% 5 years: 12.1% vs 10.2% 10 years: 9.1% vs 8.4% (as of 6/30/2021)	3 years: 6.9% vs 5.3% 5 years: 6.6% vs 5.8% 10 years: 8.7% vs 7% (as of 6/30/2020)
Maintain responsible pacing of new investment commitments in line with Investment Annual Plan	Percent of investment plan fulfilled: Private Equity: 100% Private Credit: 125% Real Assets: 99% Real Estate: 117% Overall: 104% (as committed through 9/30/21 and planned through 12/31/2021)	Percent of investment plan fulfilled: Private Equity: 76% Private Credit: 60% Real Assets: 64% Real Estate: 100% Overall: 75%
Rank in the top half of a competitive, after-fee peer universe, over 3-, 5-, 10-year periods	3 years: Top 18th percentile 5 years: Top 9th percentile 10 years: Top 37th percentile (InvMetrics Public DB > \$1B Gross Median)	3 years: Top 9th percentile 5 years: Top 16th percentile 10 years: Top 29th percentile (InvMetrics Public DB > \$1B Gross Median)



## Goal 4

# Investment Planning and Growth

### Key Activities

- Finished fiscal year up nearly 28%
- Concluded Alternative Assets Consultant RFP process; retained Cliffwater
- Conducted Enterprise Risk Tolerance Survey and Asset Liability Modeling study; made minor adjustments to Strategic Asset Allocation
- Issued RFP and evaluated proposals for portfolio analytics and risk-management software services
- Developed pathway for co-investment partnerships
- Affirmed and updated key policies regarding Board Education; Fiduciary Standard of Care; Transaction Cost Analysis, Board and Staff Trading, Advisory Committee, Placement Agent
- Conducted special Board meeting on Global Markets Outlook



## Goal 4

# Investment Planning and Growth

### Next Year

- Retain firm to provide portfolio analytics services
- Evaluate delegated authority between Board and Staff regarding public and private market investments
- Initiate plan for fee/expense analysis
- Finalize plans to conduct fiduciary "health check" of investment contracts
- Adjust market exposures of asset categories to align with the new strategic asset allocation
- Update IPS to conform to new strategic asset allocation parameters

### Further Out

- Develop pathway for secondary partnerships
- Review thresholds for sweeping dormant cash in clearing account



## Goal 5

# Organizational Development and Culture

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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	2021 OUTCOMES	LAST YEAR
Staff vacancy rate <10%	17% average monthly vacancy (through 9/30/2021)	16% average monthly vacancy
95% of performance evaluations completed on time (on or before work anniversary)	83% on time 94% completed within 1 month of anniversary (through 9/30/2021)	86% on time 97% completed within 1 month of anniversary
Overall satisfaction of employees surveyed > 80%	76%	83%
Conduct at least one Board educational presentation a quarter to improve effective oversight	5 Board education sessions conducted (through 10/31/2021)	7 Board education sessions conducted



## Goal 5

# Organizational Development and Culture

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### Key Activities

- Transitioned back to office environment
- Finalized tenant improvement plan
- Incorporated new Core Values into day-to-day work, training
- Conducted Board education in key areas of Global Market Outlook, Real Assets, Transaction Costs, Private Equity Co-Investments, Investment Opportunities in China
- Filled key vacancies, including Chief Operations Officer, senior accountants, and retirement services manager
- Conducted Change Management Workshops



## Goal 5

# Organizational Development and Culture

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### Next Year

- Launch Telework 2.0 for future remote work option
- Update compensation study
- Continue reviewing organization/staffing changes to improve alignment with PAS processes
- Finalize class study on Benefit Specialist job series

### Further Out

- Develop a training/quality assurance program



## 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	2021 OUTCOMES	LAST YEAR
Legacy systems replaced by end of 2021 without spending contingency budget.	Schedule delay into 2022; contingency budget to be used for increased project management costs	On schedule; on budget 0% contingency budget spent
Member web self-service portal functionality, as measured on CEM Benchmarking Survey, = or > peer average.	NA; will be available in 2022	NA; will be available in 2022
Document and annually test Continuity of Operations Plan.	Completed	Completed
	Benefit payments and services successfully maintained during pandemic	Benefit payments and services successfully maintained during pandemic



## Goal 6

# Enterprise Capability and Technology

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### Key Activities

- Completed transition of new business processes under new Pension Administration System (PAS)
- Added additional PAS project support for testing, training, data clean-up
- Completed data clean-up in Ariel
- Initiated regular cycle to review Board policies



## Goal 6

# Enterprise Capability and Technology

### Next Year

- Ensure successful Phase 3 launch of PAS project in mid-2022 (retiree payroll, deductions, tax reporting)
- Develop comprehensive Ariel performance management reporting
- Retain consultant to facilitate Strategic Planning session with Board
- Debrief on pandemic response and update disaster planning

### Further Out

- Close out PAS project in mid-2023 with enhanced online, self-service features
- Continuously improve dashboards/performance reporting
- Initiate regular cycle to review website content, forms, letters
- Implement new 415b-replacement benefits method