



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 3

MEETING DATE: November 20, 2024

SUBJECT: 2024 Year in Review and 2025 Strategic Management Plan

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

RECOMMENDATION

Adopt the 2025 Strategic Management Plan.

PURPOSE

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

DISCUSSION

SCERS established the Strategic Management Program in 2018 to measure and guide progress in achieving improvement across the organization. The program is organized around six goals, with 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 2024 and presents upcoming initiatives for 2025.

ATTACHMENTS

- 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 20, 2024**

AGENDA ITEM:

2024 Year in Review and 2025 Strategic Management Plan

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to adopt the 2025 Strategic Management Plan.

I HEREBY CERTIFY that the above order was passed and adopted on November 20, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Strategic Management Plan

PERFORMANCE DASHBOARDS - 2024

November 20, 2024

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

Last Year We Promised To:

- ★ Roll out new MySCERS portal
- ★ Provide online access to retiree pay advices and 1099s
- ★ Add secure-file upload feature on website for members to transmit forms, documents
- ★ Add self-scheduling tool on website for member appointments
 - Develop service-purchase calculator
- ★ Show continuous improvement with retirement application processing, service delivery
- ★ Establish service-level expectations for other workflows
- ★ Improve internal processing with County for personnel transactions related to retirement
- ★ Added online death reporting
- ★ Expanded IME network



Goal 1

Customer Service and Experience

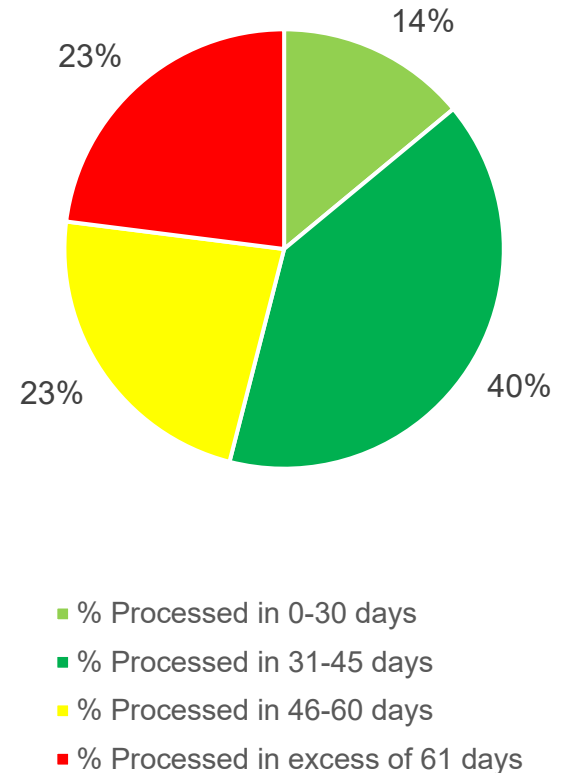
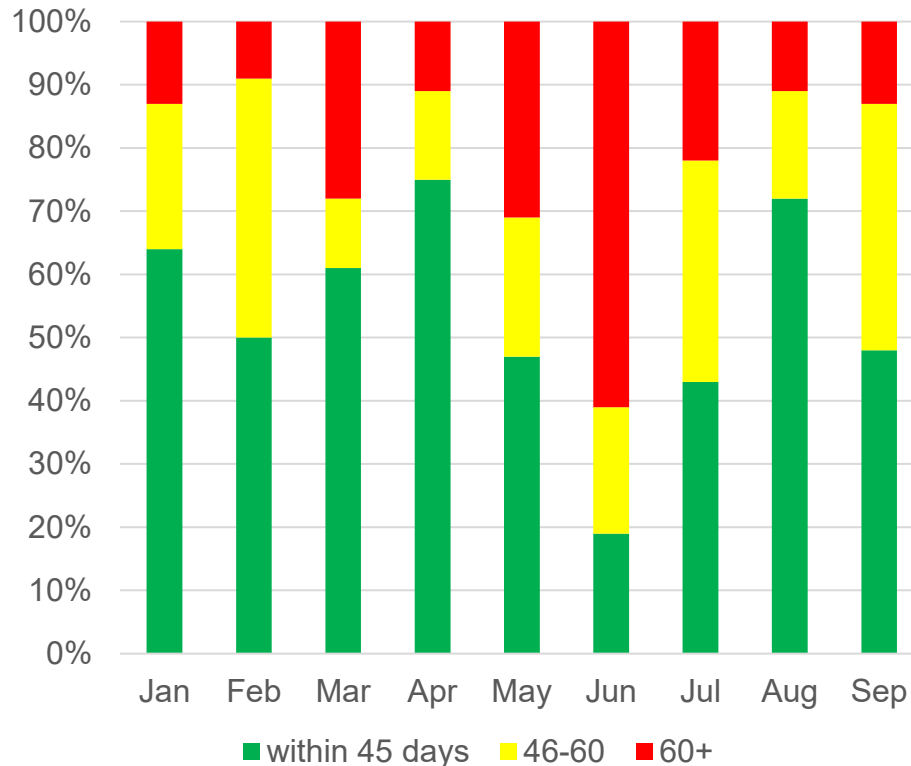
TARGETS	2024	2023	2022
> 75% of new retirees paid within 45 days of retirement	54% within 45 days Median: 43 days (through 9/30/2024)	45% within 45 days Median: 48 days (through 9/30/2023)	21% within 45 days Median: 61 days (through 9/30/2022)
> 90% of new retirees paid within 60 days of retirement	77% within 60 days (through 9/30/2024)	67% within 60 days (through 9/30/2023)	47% within 60 days (through 9/30/2022)
> 80% Satisfaction of new retirees surveyed	80% monthly average (through 9/30/2024)	77% monthly average (through 9/30/2023)	73% monthly average (through 9/30/2022)



Goal 1

Customer Service and Experience

2024 Retirement Processing Time



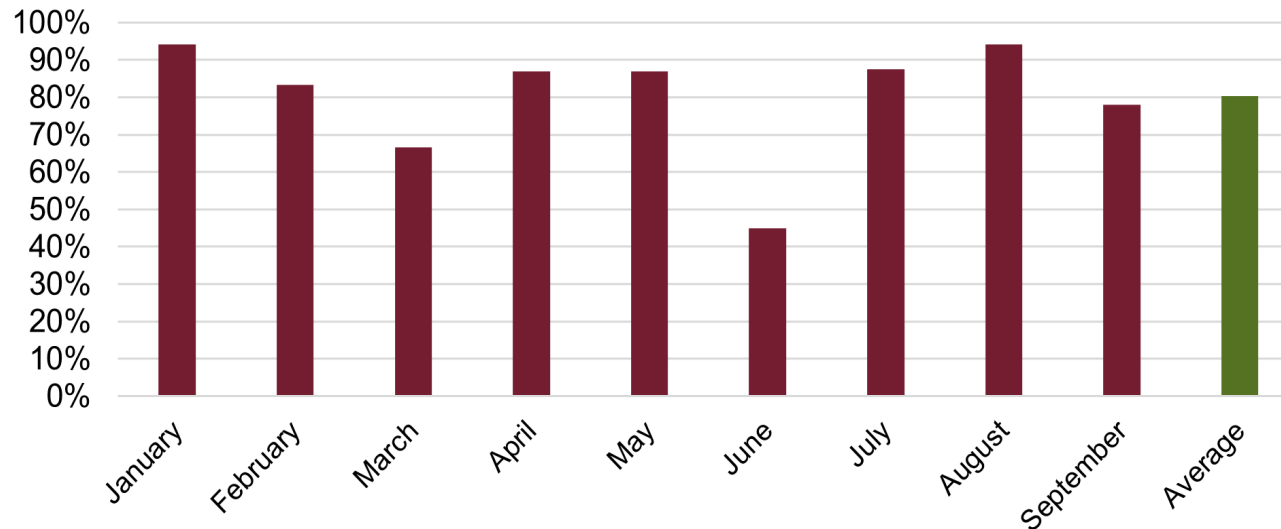


Goal 1

Customer Service and Experience

2024 Retiree Survey Response Rates

Overall Experience
% Very Satisfied or Satisfied
Target: >80%





Goal 1

Customer Service and Experience

Establish baseline service-levels for other workflows (January-September 2024)

Death – Continuances	Median: 103 days
Death – Lump Sum	Median: 122 days
Disability Retirement	Median: 15.5 months
Service Purchase – Calculations	Median: 189 days
Service Purchase – Elections	Median: 44 days
Terminations/Refunds	Median: 12 days
Data Changes	Median: 3 days



Goal 1

Customer Service and Experience

CEM Benchmarking 2023 Survey

Detailed survey on “member journey” (customer service transactions, communication, and self-service tools)

- Cost analysis
- Last participated in 2019; sets new baseline for customer service delivery
- Low service scores; digital-first is the standard
- **Provides roadmap for future initiatives**

Peer Group

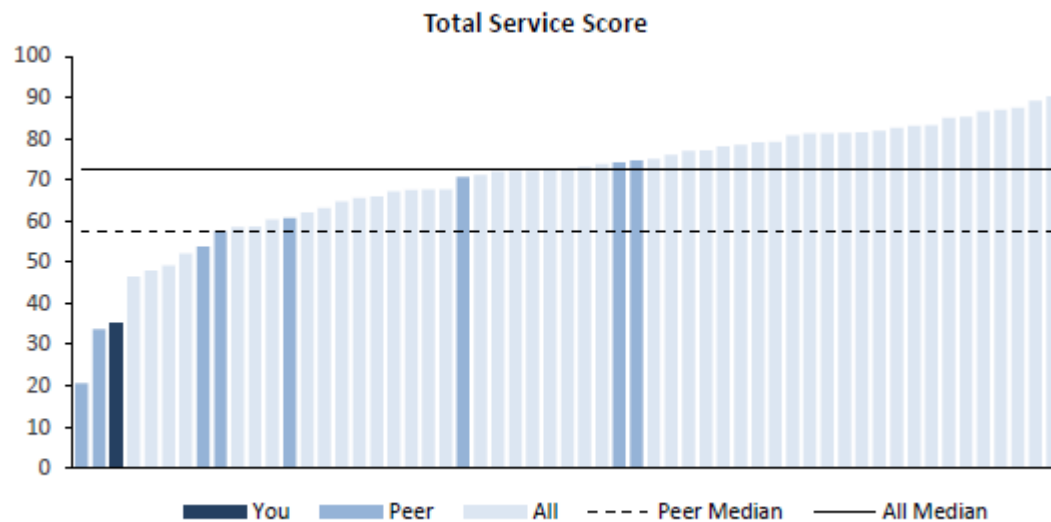
- City of Austin Employees' Retirement System
- Saskatchewan Municipal Employees' Pension Plan
- Toronto Transit Commission Pension Plan
- **Sacramento County Employees' Retirement System**
- University Pension Plan (Ontario)
- Employees' Retirement System of Fairfax County
- Orange County Employees' Retirement System
- Royal Canadian Mounted Police Pension Plan
- New York City Board of Education Retirement System



Goal 1

Customer Service and Experience

CEM Benchmarking 2023 Survey



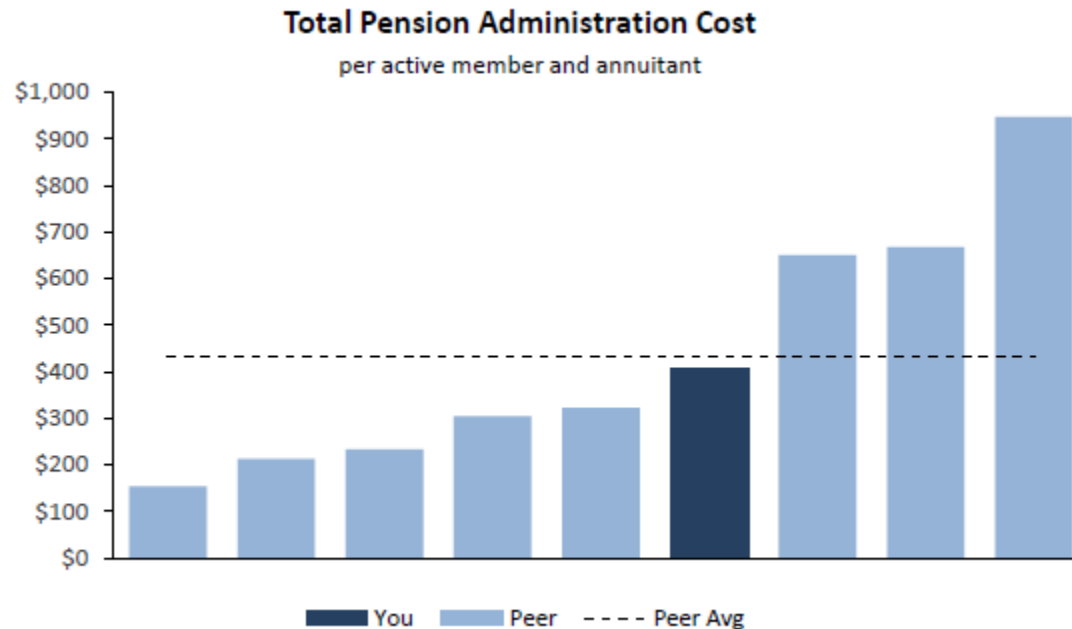
Total service score was 35 out of 100, below peer median of 57



Goal 1

Customer Service and Experience

CEM Benchmarking 2023 Survey



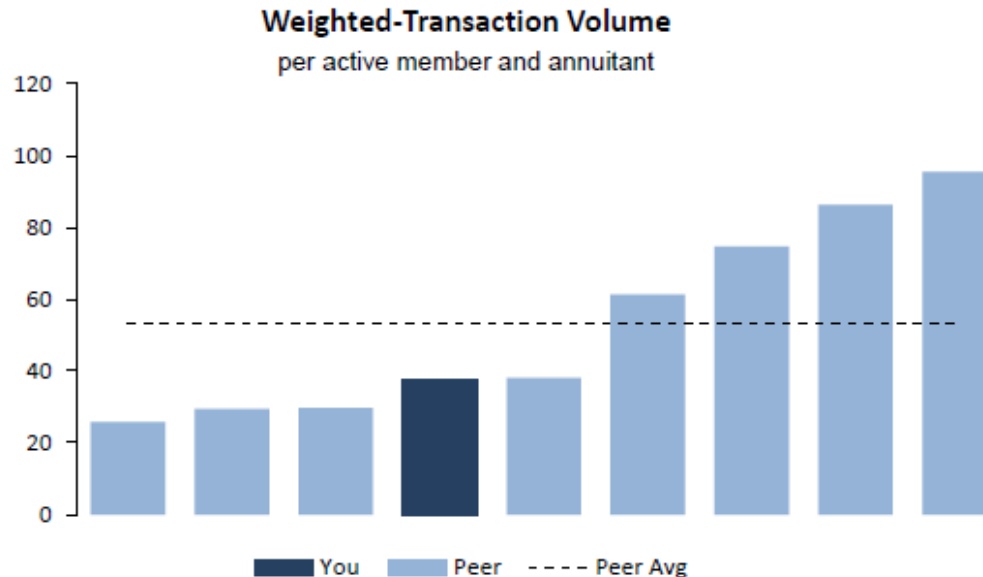
Pension administration cost was \$408 per active member and annuitant. This was \$25 below the peer average of \$433.



Goal 1

Customer Service and Experience

CEM Benchmarking 2023 Survey



Productivity measure: Transaction volume was 30% below peer average. Weighted transaction score per FTE was 59% lower than peer average.



Goal 1

Customer Service and Experience

Next Year

- Integrate Online Retirement Application into mySCERS portal
- Integrate secure-file upload feature into mySCERS portal
- Show continuous improvement with retirement application processing, service delivery
- Report performance metrics on other service areas
- Expand surveys to members in other service areas



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

Last Year We Promised To:

- ★ Re-institute Employer Forum (delayed since 2021)
- ★ Implement new email distribution for retiree outreach
- ★ Participate in more on-site employer events (15)
- ★ Develop retirement planning presentation for early- and mid-career employees
 - Finalize employer MOUs on roles and responsibilities
- ★ Update Board policies as necessary
- ★ Complete revisions to member forms
- ★ Coordinate Retirement Board elections with Voter Registration and Elections
- ★ Published quarterly newsletter
- ★ Took active leadership role in association, industry conferences and events
- ★ Expanded SCREA information on website



Goal 2

Stakeholder Communication and Outreach

TARGETS	2024 OUTCOMES	LAST YEAR
Effectiveness of presentations to members and employers; Satisfaction > 80%	99% “good,” “very good,” or “excellent” (March, June, and September pension planning webinars)	98% “good,” “very good,” or “excellent” (March, June, and September pension planning webinars)
	100% “agree” or “strongly agree” (February 2024 Employer Forum)	N/A
Increase website page-views by 10% year-over-year	26.7% (through 9/30/2024)	14.7% (through 9/30/2023)
50% of retired members registered on new portal	TBD	N/A



Goal 2

Stakeholder Communication and Outreach

Next Year

- Register members on mySCERS
- Host Employer Forum
- Continue participation in employer events
- Launch retirement planning presentation for early- and mid-career employees
- Monitor *LACERA vs LA County* and revisit employer MOU on roles and responsibilities
- Update Board policies as necessary
- Coordinate Retirement Board elections (retiree seats) with Voter Registration and Elections
- Publish quarterly newsletter
- Take active role in association, industry conferences and events
- Develop legislative platform/delegation policy
- Refresh website



Goal 3

Funding Integrity and Sustainability

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

Objectives

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



Goal 3

Funding Integrity and Sustainability

Last Year We Promised To:

- ★ Complete *Alameda* corrections and determine steps for further employer clean-up of payroll reporting
- ★ Propose plan in 2024-25 budget for internal compliance/audit effort to improve oversight of policies and procedures
 - Update procedures for disability re-evaluation process
- ★ Conducted felony forfeiture reviews
- ★ Add new Budget preview agenda item before final budget presentation/approval
- ★ Participate in Sanitation District separation from County re: apportioning pension liabilities
- ★ Secured additional payment from Sac Metro Fire
- ★ Improved collection and discharge process
- ★ Confirmed actuarial smoothing options



Goal 3

Funding Integrity and Sustainability

TARGETS	2024 OUTCOMES	LAST YEAR
100% funded	88.7% funded as of 6/30/2024 (MVA)	86.1% funded as of 6/30/2023 (MVA)
Maintain operational budget at or below inflation	5.5% growth 2024-25	2% growth 2023-24
Complete 100% of <i>Alameda</i> pension adjustments for retirees	1,601 of 1,601 completed (100%)	1,089 of 1,601 completed (68%)



Goal 3

Funding Integrity and Sustainability

Next Year

- Determine post-Alameda clean-up of payroll reporting
- Conduct actuarial Risk Report (stress test scenarios)
- Improve processing of unclaimed benefits
- Implement collection efforts and methodology following member deaths
- Conduct “Alive and Well” outreach



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

Last Year We Promised To:

- ★ Present new Annual Investment Operations Report
- ★ Conduct Asset Liability Management study
- ★ Board education sessions to review asset classes
 - ★ Provided education on cryptocurrency
- ★ Maintain pacing plan for new investment opportunities
- ★ Update Cash Management Policy
- ★ Launched oversight initiative; added investment officer
- ★ Provide update on securities litigation policy and activity
 - Provide board education on performance attribution and reporting
- ★ Conduct review of private market fees/expenses
- ★ Issued RFP for Custody Services
- ★ Amended Master IPS regarding ESG considerations



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: 3.8% vs 6.75% 5 years: 8.0% vs 6.75% 10 years: 7.1% vs 6.75% (as of 6/30/2024)	3 years: 9.4% vs 6.75% 5 years: 7.5% vs 6.75% 10 years: 7.8% vs 6.75% (as of 6/30/2023)
Meet or exceed benchmarks, over 3-, 5-, 10-years (net of fees)	3 years: 3.8% vs 3.9% 5 years: 8.0% vs 7.2% 10 years: 7.1% vs 6.7% (as of 6/30/2024)	3 years: 9.4% vs 8.5% 5 years: 7.5% vs 6.7% 10 years: 7.8% vs 7.3% (as of 6/30/2023)
Rank in the top half of a competitive, after-fee peer universe over 3-, 5-, 10-year periods (net of fees)	3 years: Top 29th percentile 5 years: Top 26th percentile 10 years: Top 24th percentile (InvMetrics Public DB > \$1B Gross Median)	3 years: Top 26th percentile 5 years: Top 16th percentile 10 years: Top 26th 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: 84% Private Credit: 88% Real Assets: 42% Real Estate: 108% Overall: 78% (as committed through 9/30/24 and planned through 12/31/2024)	Percent of investment plan fulfilled: Private Equity: 84% Private Credit: 89% Real Assets: 87% Real Estate: 0% Overall: 76% (as committed through 9/30/23 and planned through 12/31/2023)



Goal 4

Investment Planning and Growth

Next Year

- Finalize Asset Liability Modeling study; Strategic Asset Allocation implementation
- Maintain pacing plan for new investment opportunities
- Update new Annual Investment Operations Report
- Finalize procurement process for Custody Services
- Evaluate General and Real Estate consultant contracts and RFP considerations
- Implement oversight initiatives
 - Add additional Board meeting for investment education, manager presentations
 - Provide education on performance attribution and reporting, benchmarks, and fees/expenses



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

Last Year We Promised To:

- ★ Maintain hiring pace for newly budgeted positions
- ★ Build out procedure manuals, training guides to help onboard new employees
- ★ Engage consultant for Compensation Study for SCERS-specific civil service classes
- ★ Maximize office space; add additional workstations to support larger staff, more flexible telework options
 - ★ Began conversion of computers to laptops/docking stations
- ★ Continue support for staff Social Committee events
 - ★ Re-branded Employee Engagement Committee



Goal 5

Organizational Development and Culture

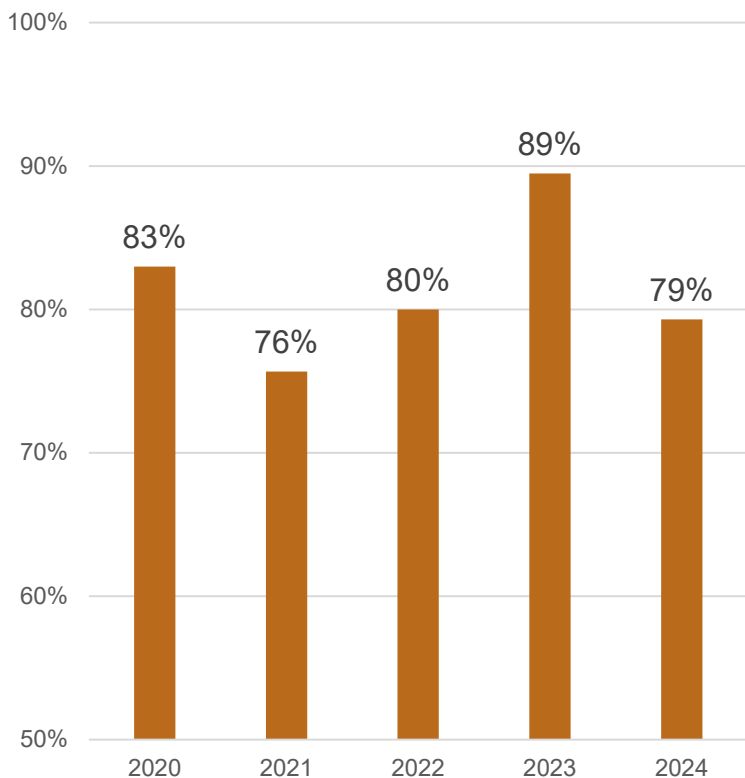
TARGETS	2024 OUTCOMES	LAST YEAR
Staff vacancy rate <10%	22% vacancy (59 filled out of 76, as of 10/31/2024)	26% vacancy (56 filled out of 76, as of 10/31/2023)
>95% of annual performance evaluations completed on time	95% on time; 98% completed within one month of due date	45% on time; 94% completed within one month of due date
Overall satisfaction of employees surveyed > 80% (annual survey)	79%	89%
Conduct at least one Board educational presentation a quarter	9 Board education sessions conducted	7 Board education sessions conducted



Goal 5

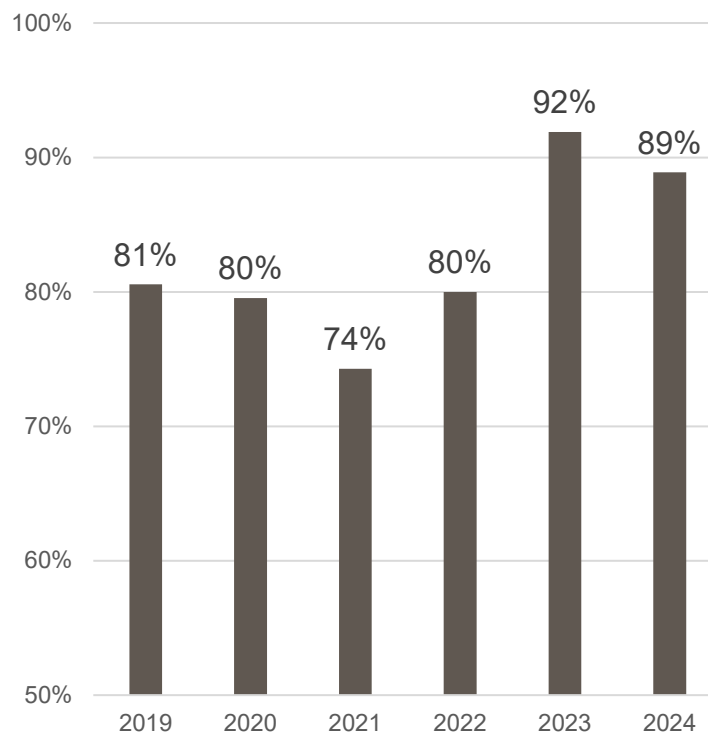
Organizational Development and Culture

Job Satisfaction



■ Overall, how satisfied are you as an employee of SCERS? (1-7)
% satisfied

Likely to Recommend Working Here



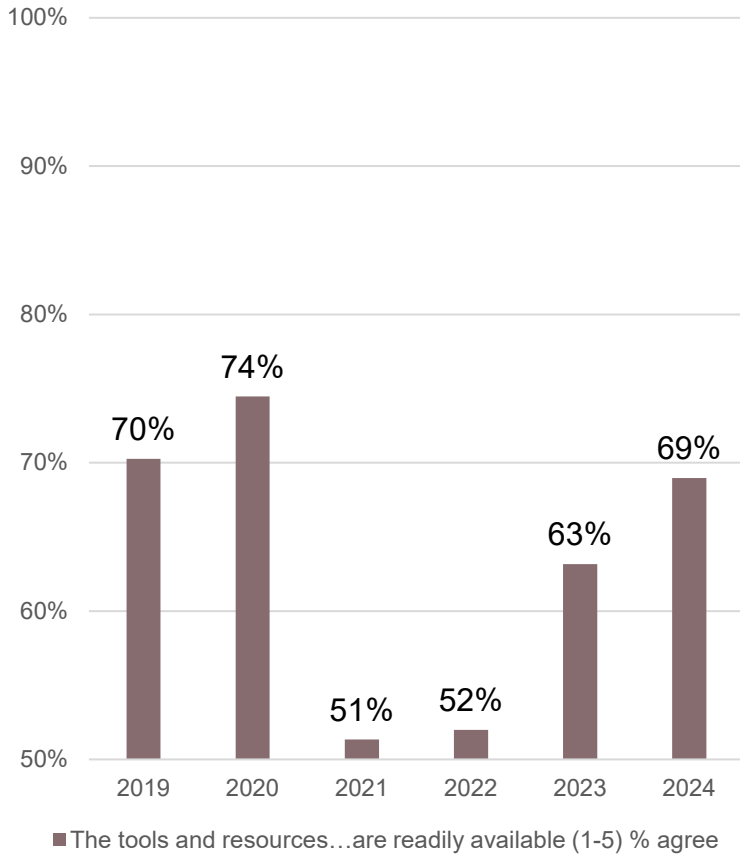
■ Likely to recommend SCERS to others as a place to work (1-5) % likely



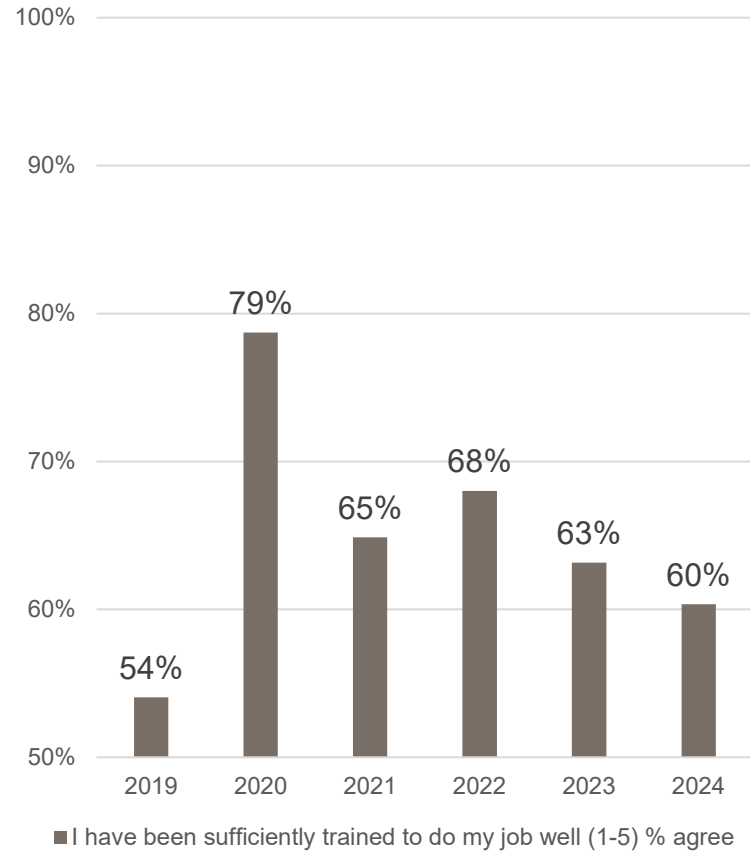
Goal 5

Organizational Development and Culture

Tools



Training

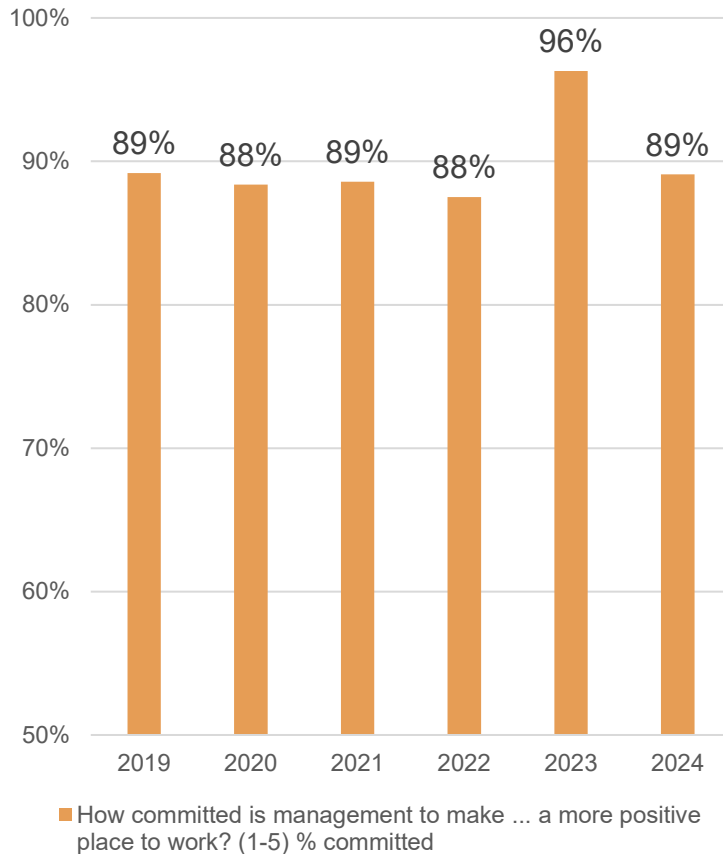




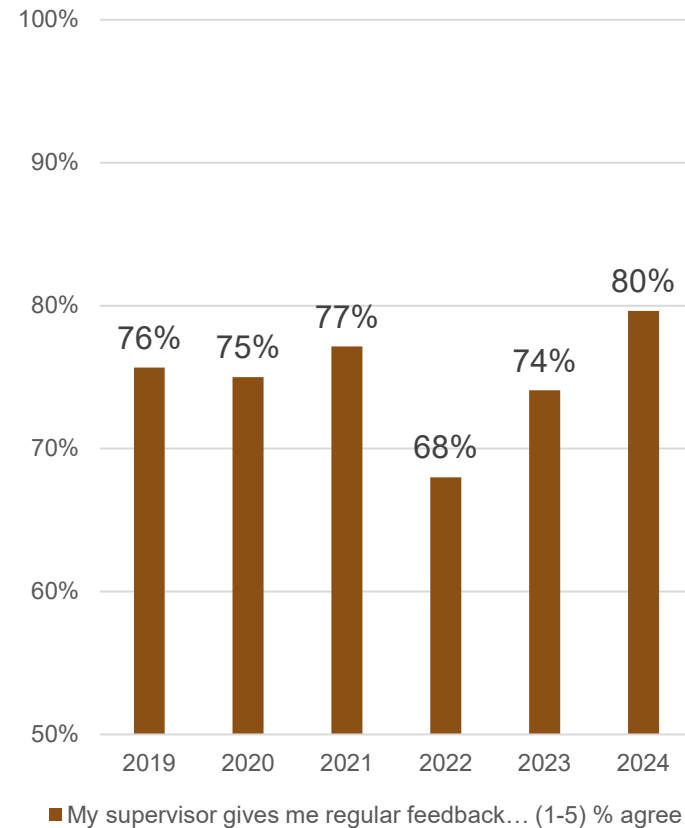
Goal 5

Organizational Development and Culture

Commitment from Mgmt



Supervisor Feedback

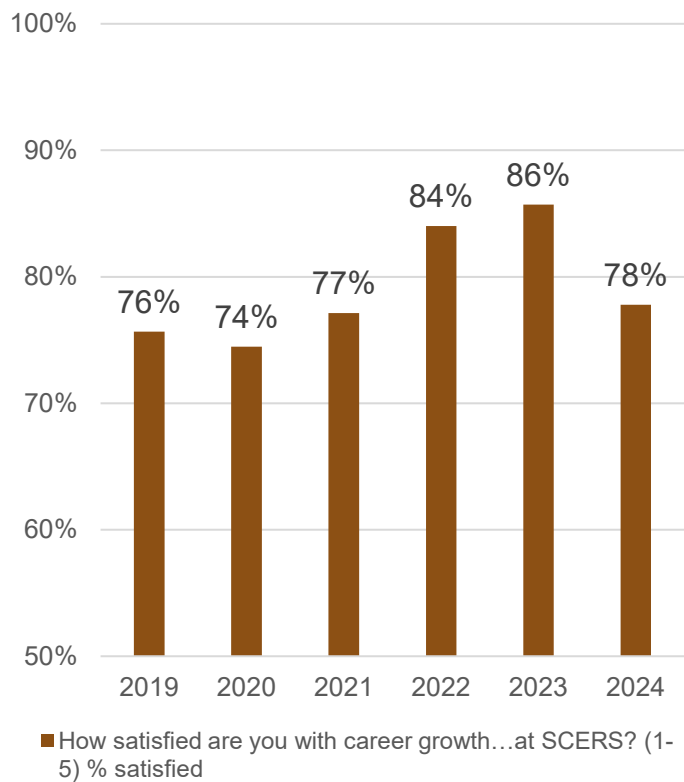




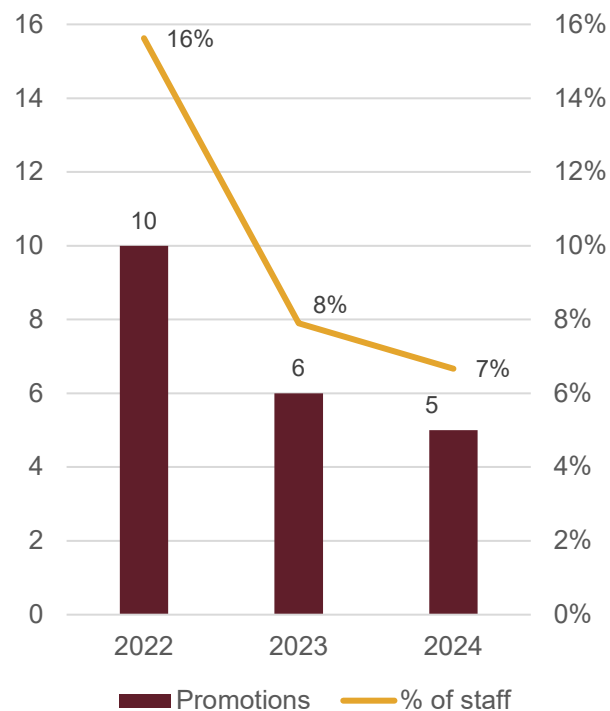
Goal 5

Organizational Development and Culture

Career Growth Satisfaction



Internal Promotions





Goal 5

Organizational Development and Culture

Next Year

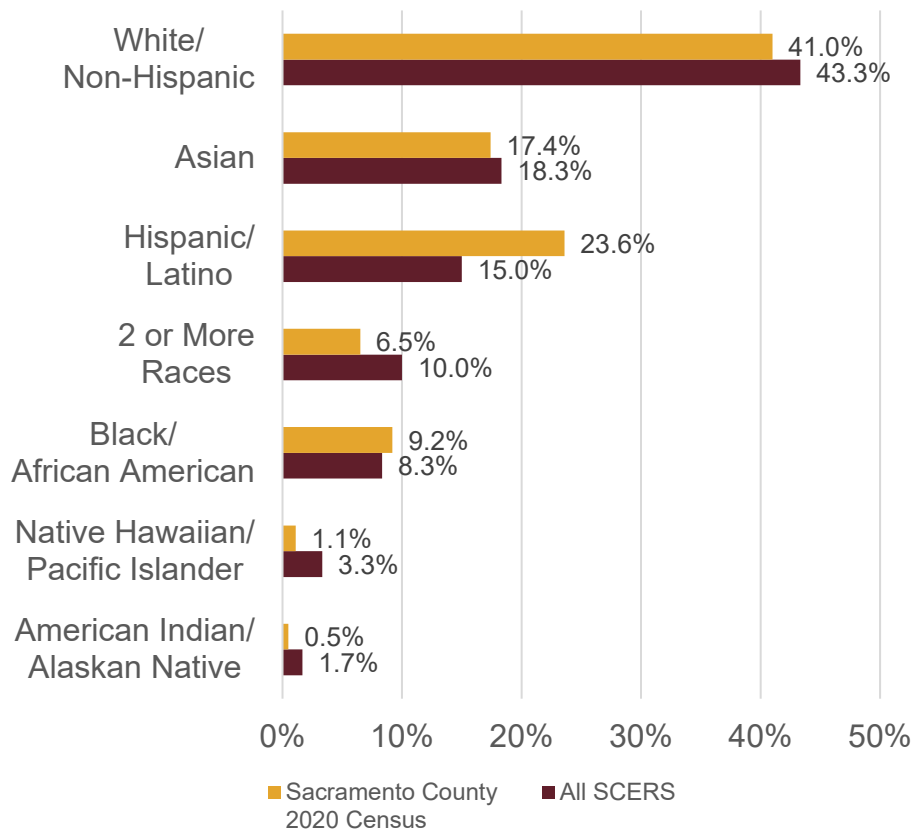
- Continue support for staff
Social Committee events
- Conduct Compensation
Study for SCERS-specific
civil service classes; County
labor contract negotiation



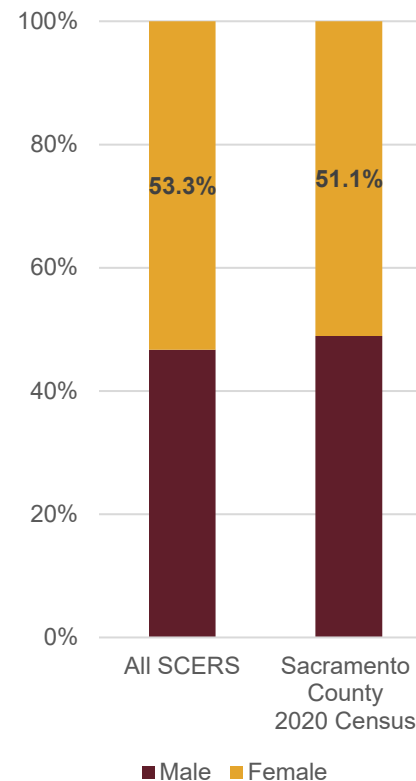
Goal 5

Organizational Development and Culture

Ethnicity/Race



Gender





Goal 6

Enterprise Capability and Technology

Enterprise capabilities and technology platforms that are 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 and security of benefit payments and service delivery



Goal 6

Enterprise Capability and Technology

Last Year We Promised To:

- ★ Propose detailed project plan for technology investments for near- and medium-term
 - ★ Digital Transformation Initiative
- ★ Finalize updated procedure manuals and documentation
 - ★ *Phase 1*
- ★ Finalize baseline dashboards for benefit delivery areas
- ★ Implement advanced workflow tracking tools
- ★ Change website to scers.gov
- ★ Participate in CEM benchmarking survey
- ★ Retain consultant to engage Board and staff on new, long-term strategic plan - "Vision 2041"
- ★ Centralized forms repository



Goal 6

Enterprise Capability and Technology

Next Year

- Determine pathway for future technology partnerships with DTech or external providers, or combination of both
- Facilitate Strategic Vision Planning sessions and present plan for Board approval
- Finalize updated procedure manuals and documentation
- Complete operational risk assessment
- Present proposal for future audit/internal compliance work