



# CEM pension admin report

Iowa Public Employees Retirement System  
August 28, 2023

## 64 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  
Kentucky PPA  
LACERA  
Michigan ORS  
Minnesota State RS  
North Carolina RS  
NYC TRS  
NYCERS  
NYSLRS  
Ohio PERS  
Oregon PERS  
Pennsylvania PSERS

PSRS PEERS of Missouri  
South Dakota RS  
STRS Ohio  
TRS Illinois  
TRS of Texas  
Utah RS  
Virginia RS  
Washington State DRS

#### Canada

Alberta Pension Services  
Alberta Teachers  
BC Pension Corporation  
Canadian Forces PP  
Federal Public Service PP  
LAPP of Alberta  
Municipal Pension Plan of BC  
Ontario Pension Board  
Ontario Teachers  
OPTrust  
RCMP

#### The Netherlands\*

ABN Amro PF  
ABP  
Metaal en Techniek  
PF Vervoer  
PFZW  
Rabobank PF

#### Middle East

Abu Dhabi RPB

#### United Kingdom\*

Armed Forces Pension Scheme  
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  
Scottish Public Pensions Agency  
Teachers' Pensions  
Tyne & Wear PF  
Universities Superannuation  
West Midlands Metro  
West Yorkshire PF

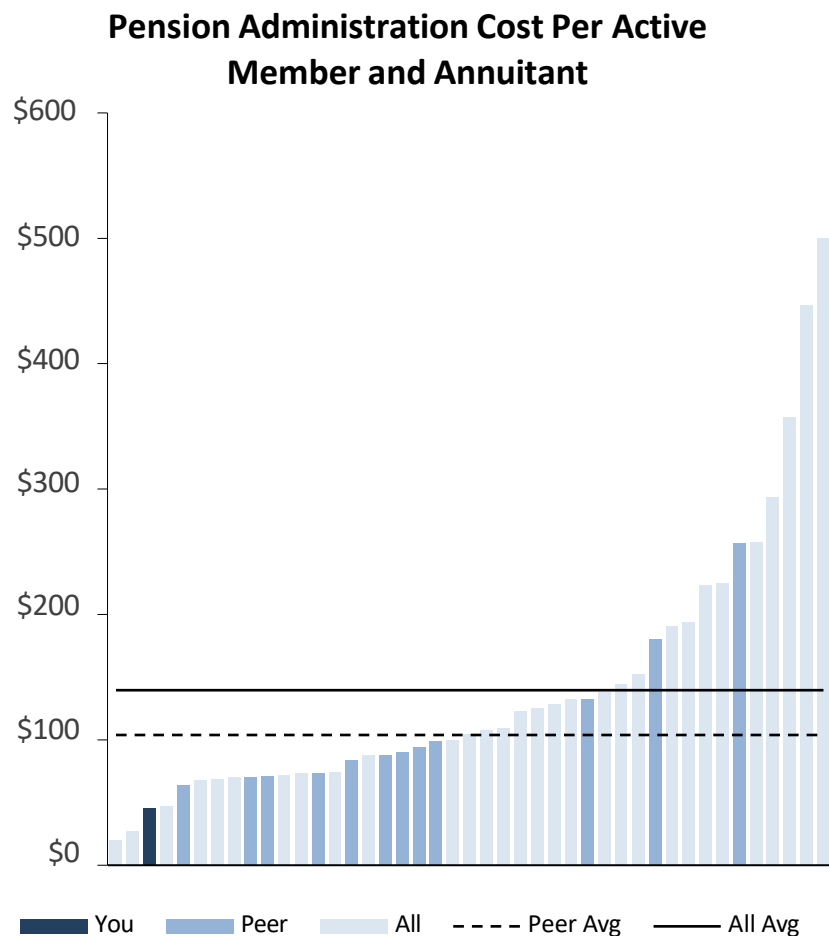
\* Systems in the UK and most systems in the Netherlands, except ABP and PFZW, complete different benchmarking surveys and hence your analysis does not include their results.

## The custom peer group for Iowa PERS consists of the following 13 peers:

Custom Peer Group for Iowa PERS			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuitants	Total
Washington State DRS	340	218	558
Indiana PRS	247	171	418
Arizona SRS	208	167	376
STRS Ohio	211	159	370
Colorado PERA	238	131	369
Oregon PERS	178	161	339
Illinois MRF	172	145	317
<b>Iowa PERS</b>	<b>176</b>	<b>132</b>	<b>308</b>
TRS Illinois	166	129	295
Kansas PERS	152	111	263
Kentucky PPA	123	124	247
PSRS PEERS of Missouri	129	104	233
NYC TRS	126	91	216
Peer Median	176	132	317
Peer Average	190	142	331

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 pension administration cost of \$46 per active member and annuitant was \$58 below the peer average of \$104 and was the third lowest in the CEM universe.**



Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
<u>Front office</u>			
Member Transactions	1,399	5	14
Member Communication	2,460	8	15
Collections & Data Maintenance	1,711	6	8
<u>Governance and support</u>			
Governance and Financial Control	1,030	3	8
Major Projects	98	0	12
Information Technology	5,185	17	26
Building	847	3	7
Legal	436	1	4
HR, Actuarial, Audit, Other	890	3	12
<b>Total Pension Administration</b>	<b>14,056</b>	<b>46</b>	<b>104</b>

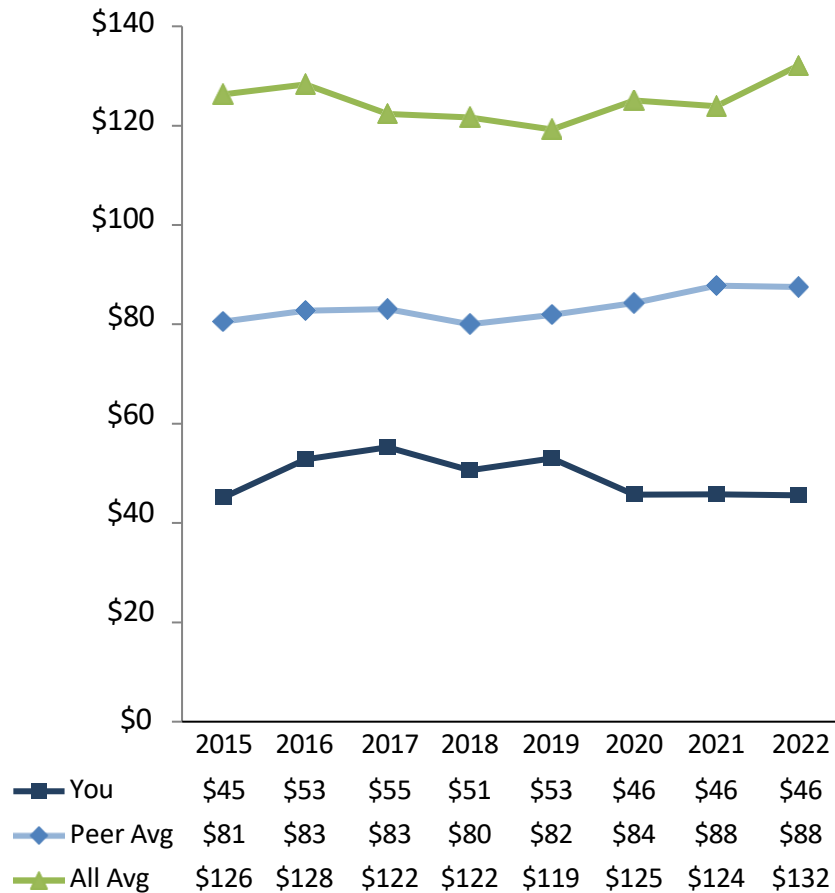
## Reasons why your cost per member was \$58 below the peer average:

Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front office FTE per 10,000 members	1.4 FTE	3.5 FTE	-\$28
2 Lower third party costs per member in the front office	\$4	\$5	-\$1
3 Higher costs per FTE			
Salaries and Benefits (incl. retiree benefits)	\$107,457	\$104,760	
Building and Utilities	\$13,340	\$11,699	
HR	\$3,231	\$3,559	
IT Desktop, Networks, Telecom	<u>\$17,287</u>	<u>\$15,040</u>	
Total	\$141,315	\$135,059	\$4
4 Lower support costs per member <sup>1</sup>			
Governance and Financial Control	\$4	\$9	
Major Projects	\$0	\$13	
IT Strategy, Database, Applications	\$14	\$17	
IT Security	\$0	\$2	
Actuarial, Legal, Audit, Other	<u>\$4</u>	<u>\$15</u>	
Total	\$23	\$55	-\$33
<b>Total</b>			<b>-\$58</b>

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

## Cost trends:

**Trend in Total Pension Administration Costs**

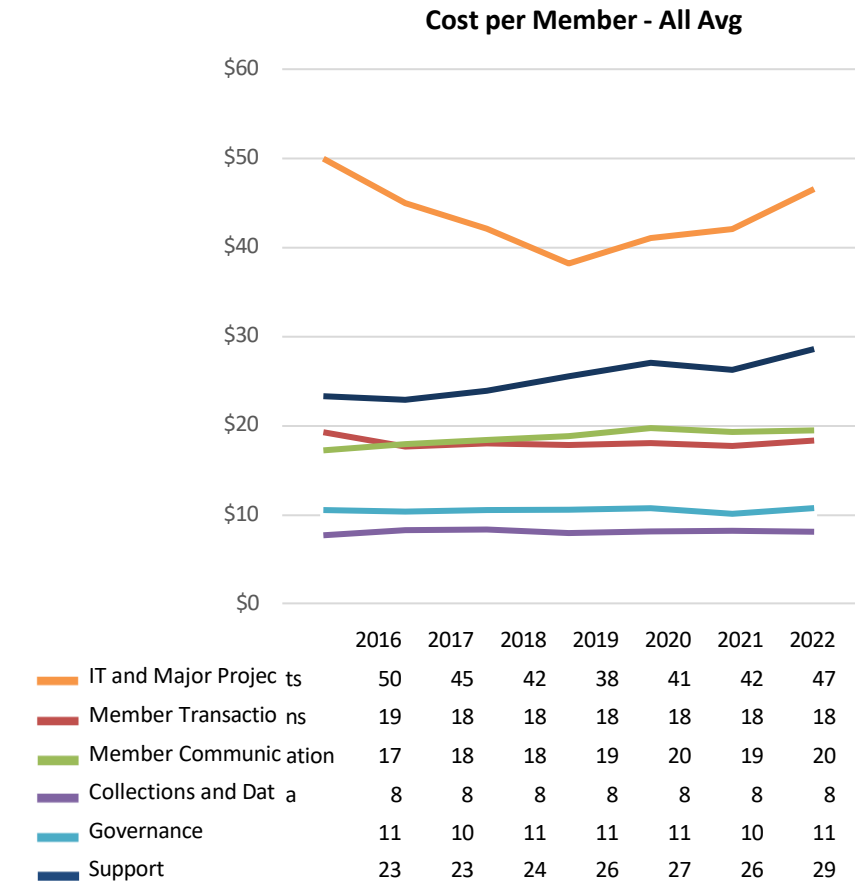
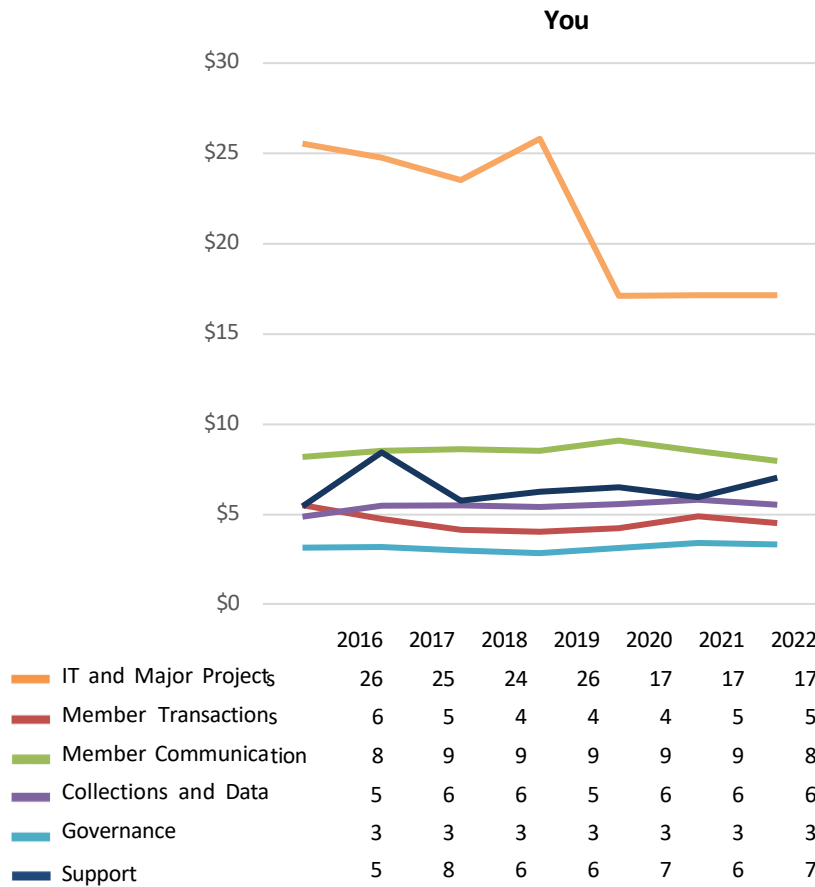


Between 2015 and 2022 your total pension administration cost per active member and annuitant increased 0.2% per annum.

During the same period, the average cost of your peers with 8 consecutive years of data increased 1.2% per annum.

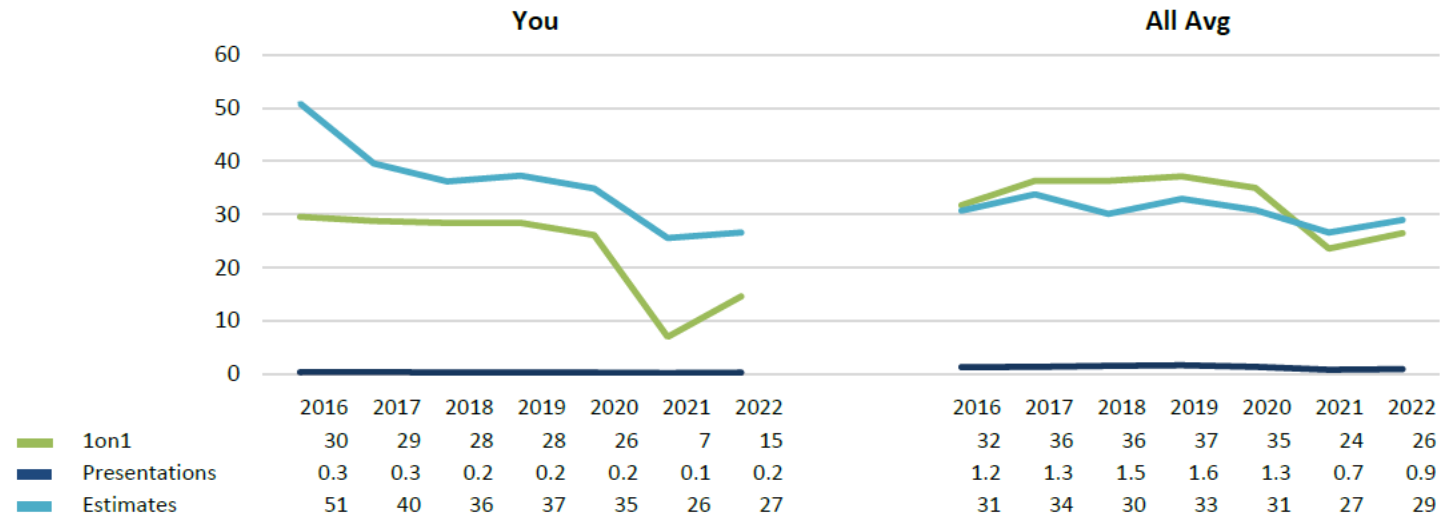
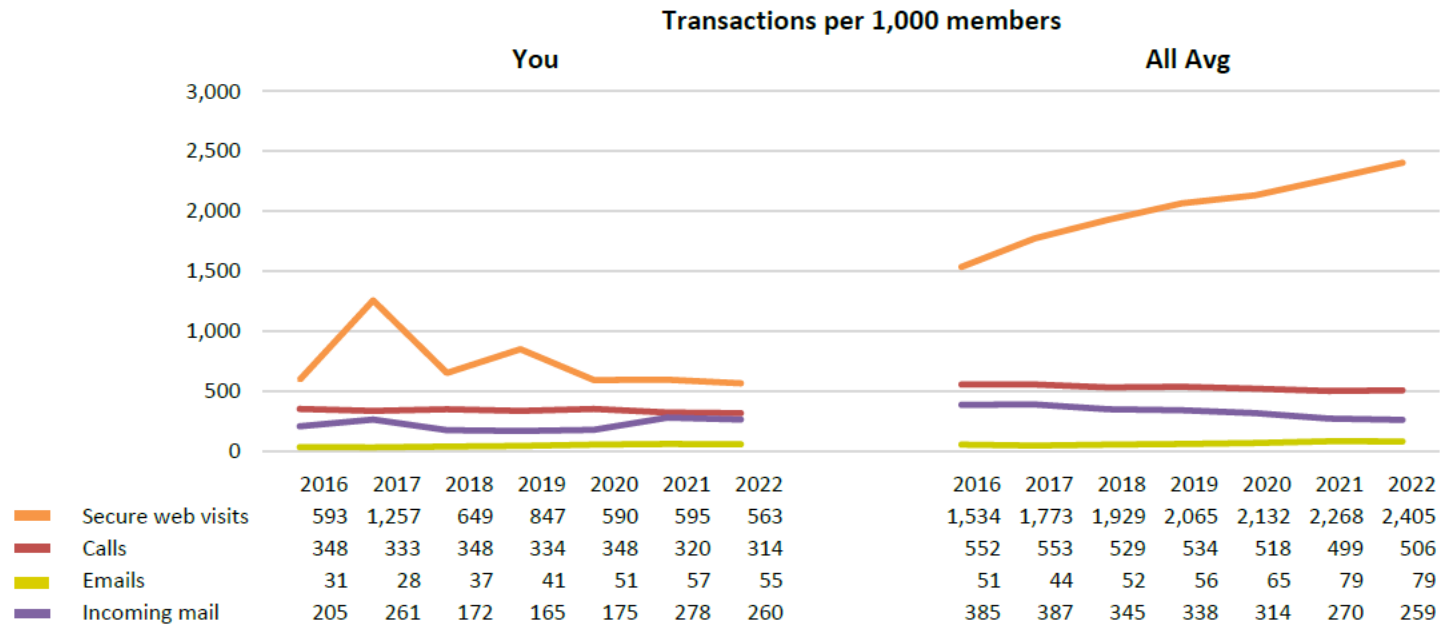
Trend analysis is based on systems that have provided 8 consecutive years of data (10 of your 13 peers and 35 of the 43 systems in the universe).

# Maintaining and/or replacing legacy systems is impacting the costs for most systems.



Trend analysis is based on 35 systems that provided 8 consecutive years of data.

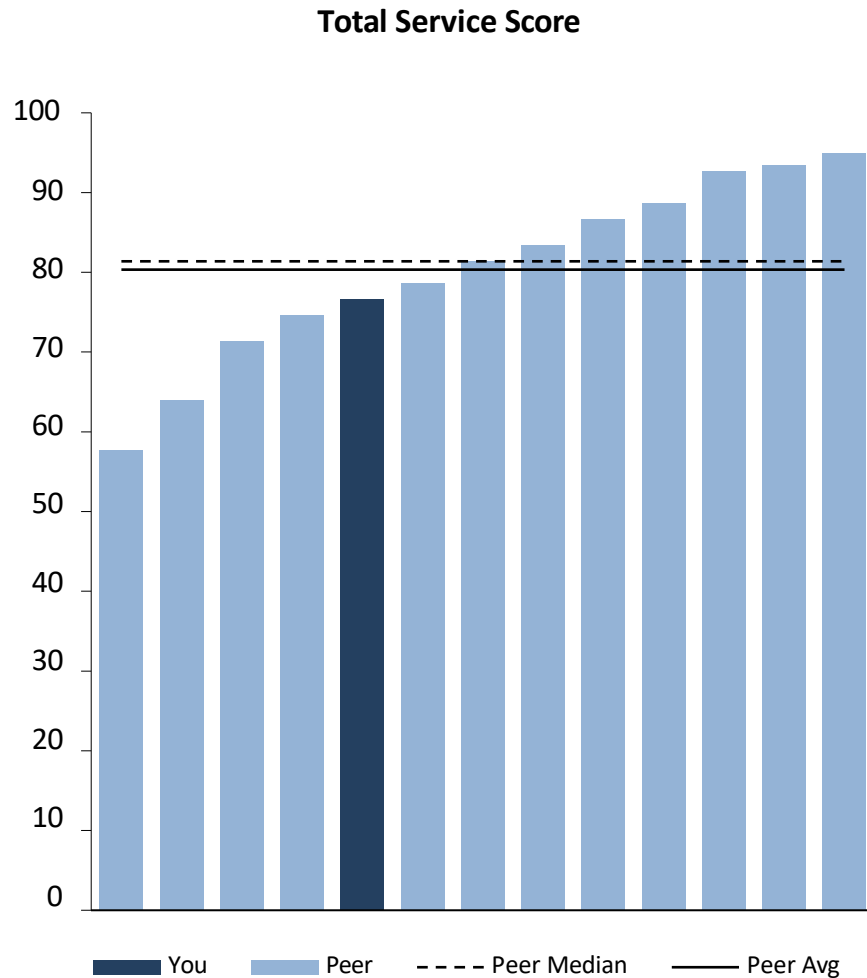
# IT investments and the pandemic have accelerated digital adoption.



Trend analysis is based on 35 systems that provided 8 consecutive years of data.



## Your total service score was 77. This was below the peer median of 81.



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	10.0%	100	100
Pension Inceptions	7.4%	97	87
Refunds, Withdrawals, and Transfers-out	1.3%	100	95
Purchases and Transfers-in	3.1%	92	92
Disability	3.8%	100	91
<b>2. Member Communication</b>			
Call Center	21.0%	55	66
1-on-1 Counseling	7.4%	94	87
Member Presentations	6.5%	45	100
Written Pension Estimates	4.7%	93	93
Mass Communication			
Website	21.3%	75	85
News and Targeted Communication	2.8%	73	81
Member statements	4.7%	91	86
<b>3. Other</b>			
Member Experience Surveying	5.0%	49	49
Disaster Recovery	1.0%	100	99
<b>Weighted Total Service Score</b>	<b>100%</b>	<b>77</b>	<b>81</b>

## Examples of key service measures included in your total service score:

Select Key Service Metrics	You		Peer Avg
	2021	2022	
<u>Member Contacts</u>			
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	8%	15%	15%
• Average total wait time including time negotiating auto attendants, etc.	79 secs	214 secs	438 secs
<u>Website</u>			
• Can members access their own data in a secure environment?	Yes	Yes	100% Yes
• Do you have an online calculator linked to member data?	Yes	Yes	100% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	16	16	17
<u>1 on-1 Counseling and Member Presentations</u>			
• % of your active membership that attended a 1-on-1 counseling session	1.2%	2.5%	3.6%
• % of your active membership that attended a presentation	0.9%	1.0%	8.3%
<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 check?	100.0%	100.0%	88.6%
<u>Member Statements</u>			
• How current is an active member's data in the statements that the member receives?	3.0 mos	3.0 mos	2.3 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	Yes	77% Yes

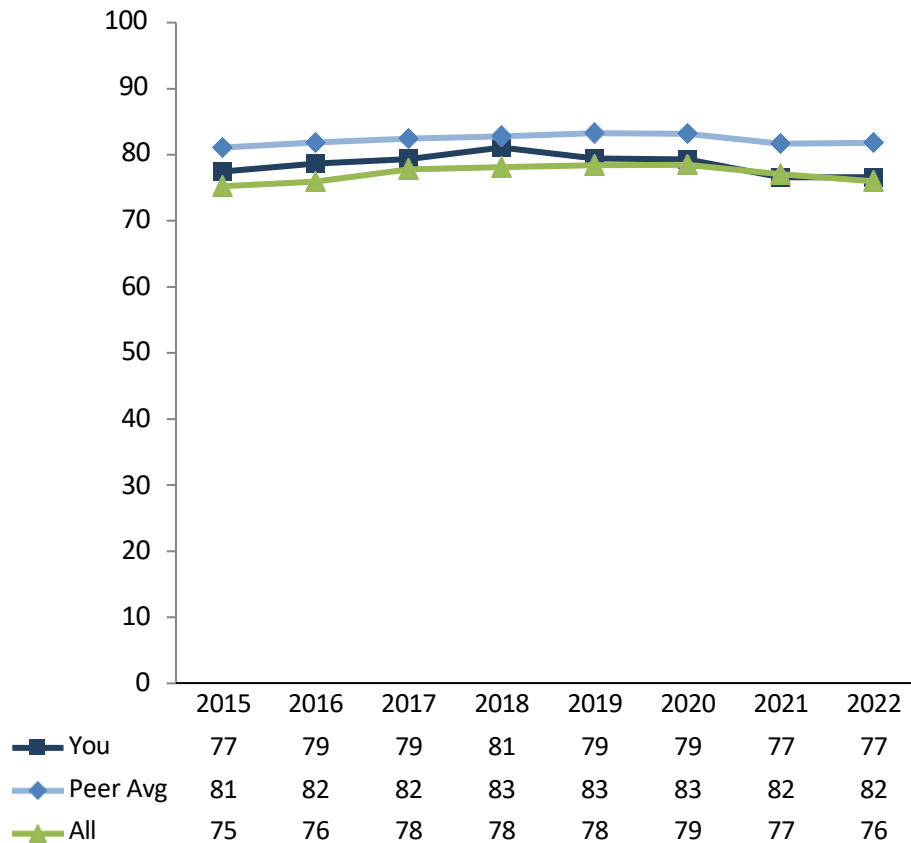
## Where can you improve your total service score?

Potential improvements to your total service score	
Factor	Potential Improvement
On average, members calling your call center reach a knowledgeable person in 214 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.	+ 3.2
1.0% of your active members attend presentations or group counseling. To achieve a perfect service score, attendees as a percent of active members must be 2.5% or greater.	+ 2.8
15.3% 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.	+ 2.6

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

## Your total service score was the same in 2015 and 2022.

Trends in Total Service Scores



Trend analysis is based on systems that have provided 8 consecutive years of data (10 of your 13 peers and 35 of the 43 systems in the universe).

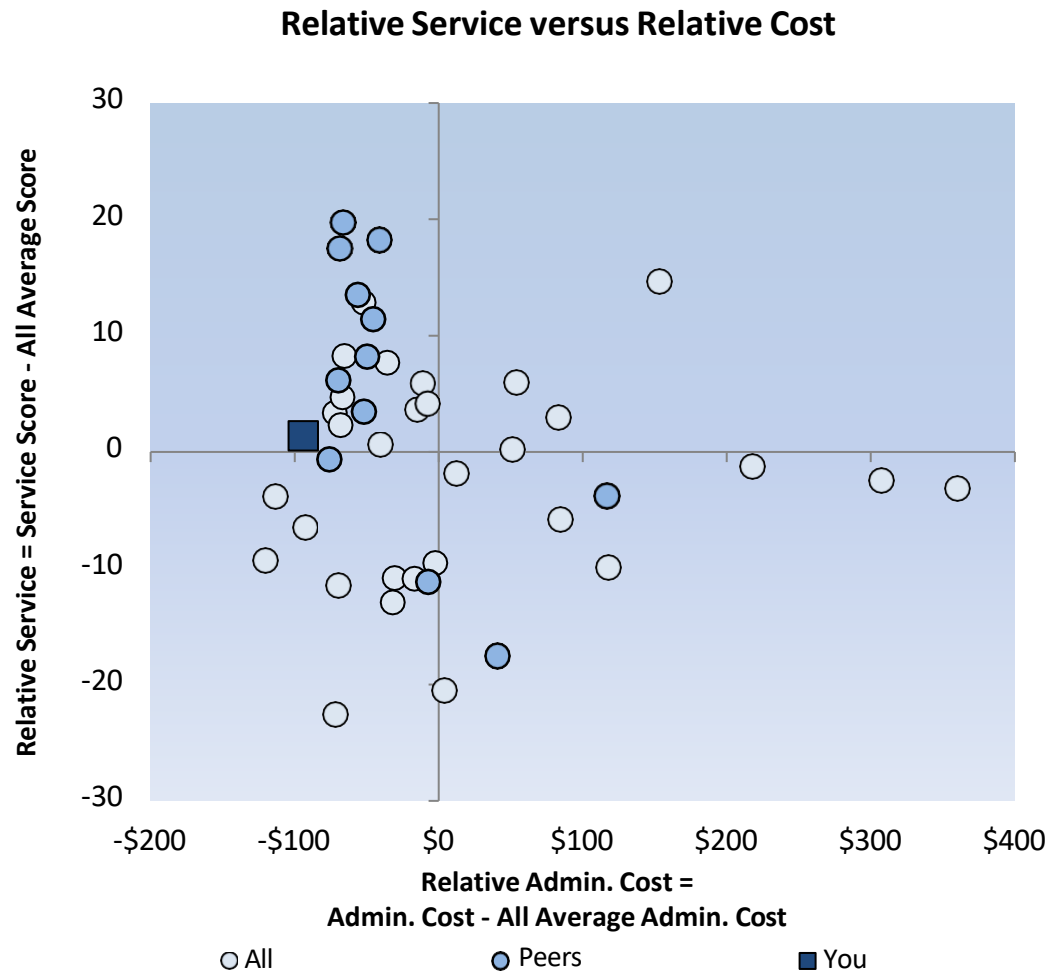
Historic scores have been restated to reflect changes in methodology. Therefore, your historic service scores may differ from previous reports.

From 2015 and onwards you've made improvements to your call center by adding CRM tools and online tools to your website. The last two years however, have been impacted first by COVID and in 2022 by staffing challenges, specifically in your call center.

### Service impact compared to 2021:

- **Undesired outcomes:** Your % of undesired outcomes, i.e. calls abandoned in menu, on hold or in queue, increased from 8% to 15%.
- **Call wait time:** Increased from 79 seconds to 214 seconds.
- **1-on-1 counseling in the field:** Your % of 1-on-1 sessions in the field as a % of total sessions improved from 5% to 41%.
- **Customer Experience:** You started surveying again and expanded your program.

You were positioned in the low cost, high service quadrant on the CEM administration cost effectiveness graph.



## Key takeaways:

### Cost

- Your total pension administration cost of \$46 per active member and annuitant was \$58 below the peer average of \$104, and was the third lowest in the CEM universe.
- Between 2015 and 2022 your total pension administration cost per active member and annuitant increased 0.2% per annum.
- During the same period, the average cost of your peers with 8 consecutive years of data increased 1.2% per annum.

### Service

- Your total service score was 77. This was below the peer median of 81.
- Your total service score was the same in 2015 and 2022. Your service score for 2022 was specifically impacted by challenges you had in your contact center due to understaffing.

## Global trends:

1. IT is playing an increasingly greater role in pension administration.
  - Maintaining and/or replacing legacy systems is impacting the costs and service model for pension administration.
  - IT investments and the pandemic have accelerated digital adoption.
2. Digital-first has become highest service for most members and transactions, and has improved cost-effectiveness.
  - Self-serve containment: more transactions are available and completed online. Members are opting in to receiving electronic communication.
  - Straight-through processing: converting transactions to use straight-through processing continues to contribute to process and cost efficiencies.
  - Continuous improvement: more than half of schemes are using tools such as Lean, Six-Sigma, One and Done.
  - Counseling and presentations: reduced emphasis on in-person. Plans are re-allocating resources from lower impact activities to activities where assisted service adds more value.
3. Customer experience has become mission critical for some plans.
  - Leadership believes customer experience is strategically critical for the future of pension plans.
  - Member expectations are higher than ever before.
  - Plans that solicit and manage member feedback can exercise better cost control.
4. Cybersecurity remains top of mind.
  - Breaches are slightly down but security concerns remain high. Increase in unauthorized access to data or systems are anticipated.
  - Technology is changing: more organizations are moving to the cloud due to security concerns.
  - More plans are getting cyber liability coverage and premiums are increasing.
5. Plans are dealing with the new normal regarding the post-pandemic workforce.
  - Some key challenges are employee recruitment and onboarding, retention and succession, managing remote teams, and incentivize a return to the office.

