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## **"What gets measured, gets managed" - This report is a management tool. It can be used to:**

### Improve your customer service levels

- Learn from the best in the pension community
- Learn what others are doing that you are not

### Better understand your business

- Managers: Step back and take stock in what you do
- Employees: Provides point of reference for service level

### Measure and manage your performance

- Identify what is important
- Monitor your annual progress using an outside benchmark
- Serves as a catalyst for change

### Communicate to stakeholders

- Keeps operations “front & center”
- Demonstrate success & achievements to governing bodies
- Identify gaps in service to support requests for resources
- Show progress to employees to recognize success and motivate

## 68 leading global pension systems participate in the benchmarking.

<b>Current Participants</b>			
<b><u>United States</u></b>	Ohio PERS	OMERS	<b><u>Other European</u></b>
Arizona SRS	Ohio SERS	Ontario Teachers	Pension Danmark
CalPERS*	Oklahoma PERS*	OPTrust	
CalSTRS	Oregon PERS	Nova Scotia Pension Agency	
Colorado PERA	San Bernardino County ERA	PWGSC	<b><u>Australia</u></b>
Delaware PERS	South Dakota RS	RCMP*	Australia Post
Idaho PERS	STRS Ohio		ESSS
Illinois MRF	Texas County and District RS		Health Super
Indiana PERF	TRS of Texas*		
Indiana State TRF	TRS Louisiana	<b><u>The Netherlands</u></b>	
Iowa PERS	Utah RS	ABP	
LACERA	Virginia RS	BPF Bouw	
Maryland	Washington State DRS	BPF Landbouw	
Michigan ORS	Wisconsin DETF	BPF Metalektro	
Michigan MERS		Pensioenfonds Metaal en Techniek	
Minnesota Teachers		PF Horeca en Catering	
MOSERS	<b><u>Canada</u></b>	PGGM	
Nevada PERS	APA	Rabobank	
New Hampshire RS	BC Pension Corporation	Stichting Pensioenfonds voor Huisartsen	
New Jersey DP&B	Canada Post	Stichting Shell Pensioenfonds	
New Mexico ERB	Defence Canada	Stichting Pensioenfonds Medisch Specialisten	
NYC TRS	HOOPP	Stichting Algemeen Pensioenfonds KLM	
North Carolina RS	Hydro Quebec*	Pensioenfonds voor de Grafische Bedrijven	
NYSLRS	LAPP	BPF Schoonmaak	

\* We have not yet received clean data from the system(s) identified with an asterisk. Therefore, these system(s) are excluded from this analysis.

**When evaluating costs and performance, the most relevant comparisons are to systems similar to you in membership and nationality. Your peer group consists of U.S. participants closest to you in membership size.**

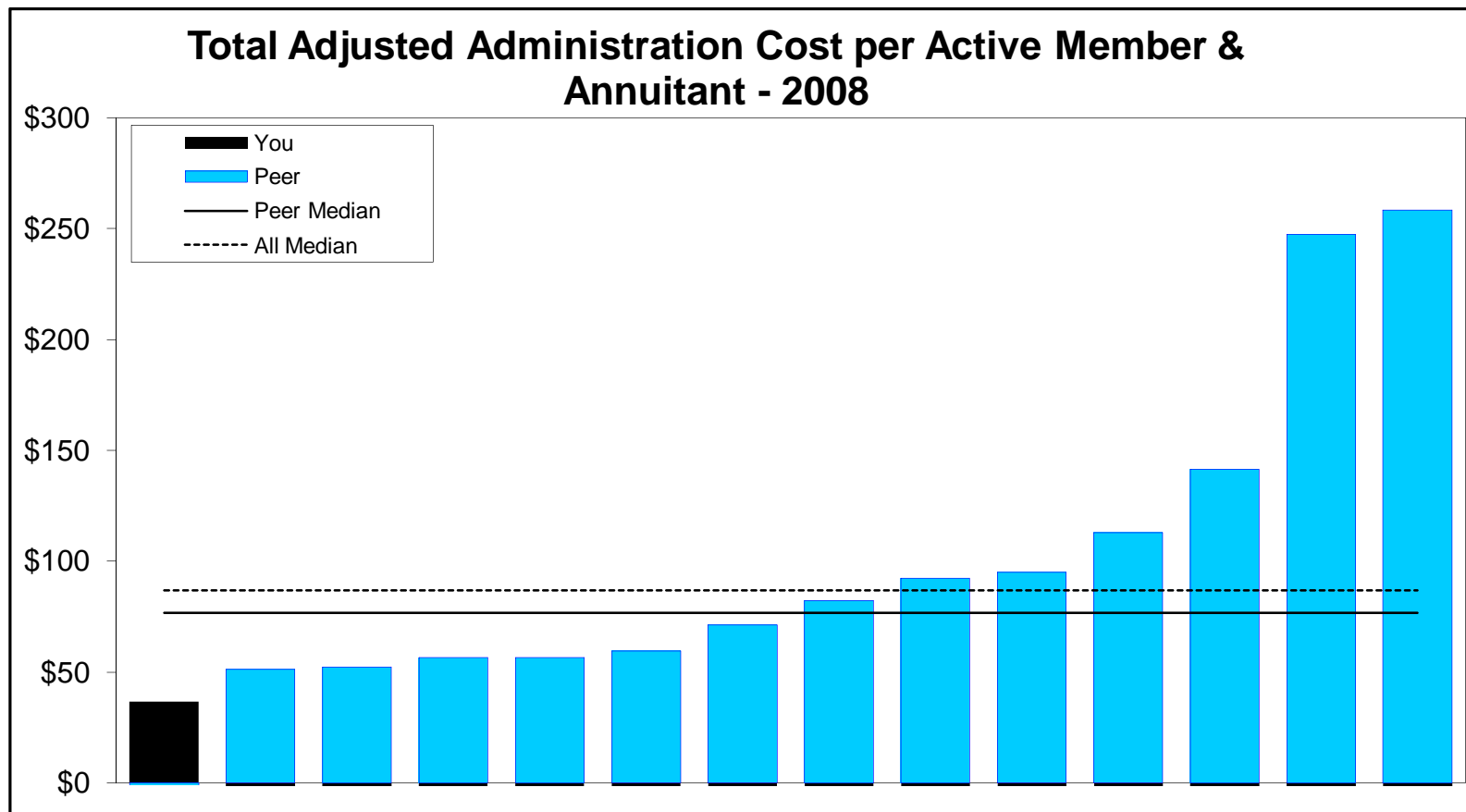
Custom Peer Group for Iowa PERS	Membership (000s)		
	Annuitants	Active Members	Total
Arizona SRS	94	226	320
Colorado PERA	78	217	295
Illinois MRF	87	178	265
Indiana PERF	90	172	262
Indiana State TRF	44	78	121
<b>Iowa PERS</b>	<b>87</b>	<b>168</b>	<b>255</b>
LACERA	52	95	147
Nevada PERS	38	106	144
NYC TRS	70	114	184
Oregon PERS	115	167	282
STRS Ohio	147	204	351
TRS Louisiana	61	93	155
Washington State DRS	127	304	431
Wisconsin DETF	142	265	407
<b>Average</b>	<b>88</b>	<b>171</b>	<b>258</b>
<b>Median</b>	<b>87</b>	<b>170</b>	<b>263</b>

The peer group has been revised from last year - 4 funds have been dropped and 1 added. The purpose was to get a "tighter" peer group in terms of membership sizes.

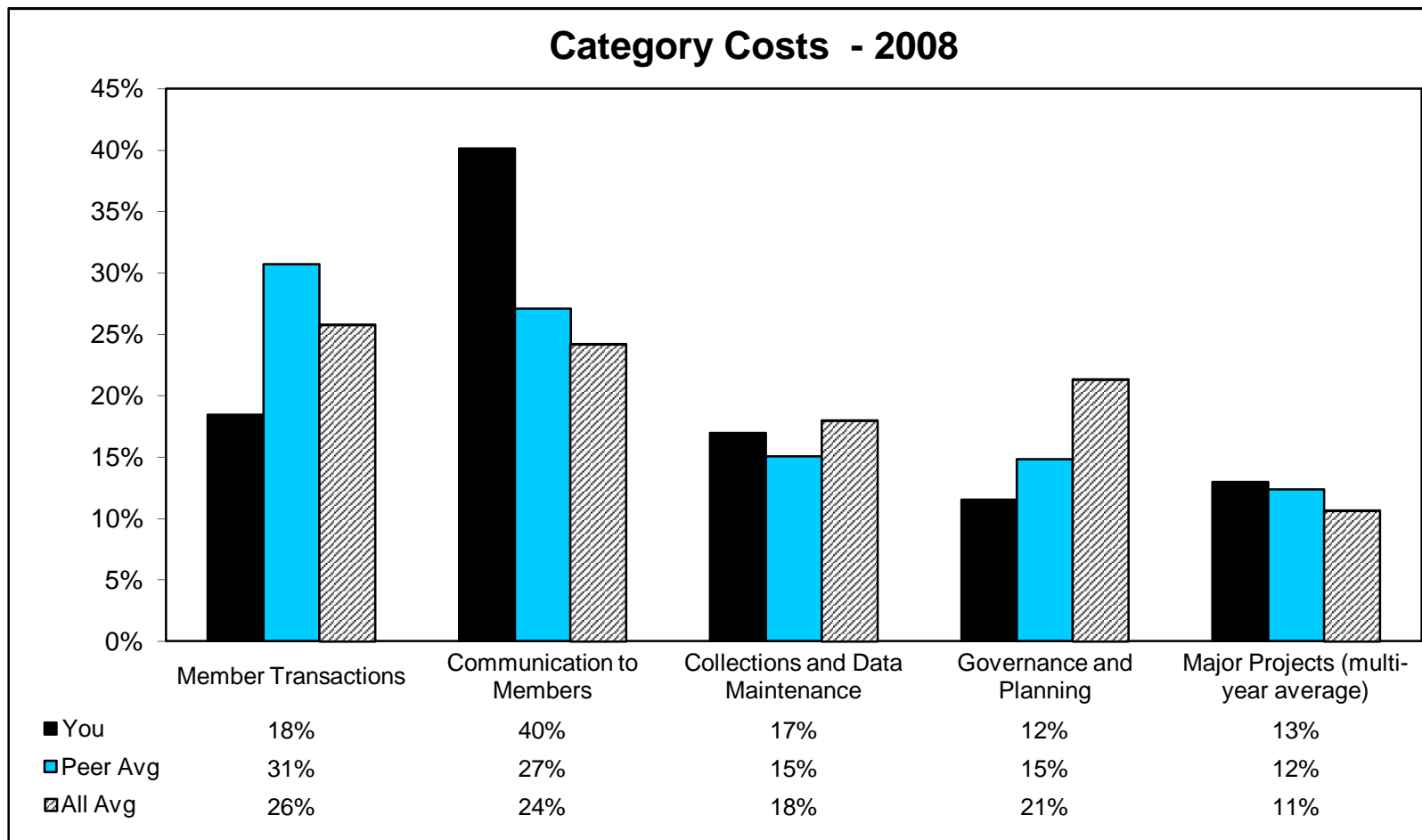
**This analysis is based on your Total Adjusted Administration Cost of \$9.4 million.**

Total Adjusted Administration Cost for Iowa PERS				Prior Year (2007)
Activity	\$000s	%		
1 Paying Annuity Pensions	465	5.0%		393
2 Annuity Pension Inceptions (non-disability)	631	6.7%		621
3 Pension Benefit Estimates	622	6.6%		572
4A 1-on-1 Member Counseling	870	9.3%		696
4B Member Presentations	154	1.6%		130
5 Member Contacts: Calls, Emails, Letters	1,190	12.7%		1,093
6 Mass Communication to Members and Annuitants	921	9.8%		976
7A-C Collections and Data Maintenance	1,115	11.9%		1,125
7D Service to Employers	475	5.1%		476
8 Refunds, Transfers-out, Terminating Payments	345	3.7%		358
9 Purchases and Transfers-in	205	2.2%		182
10 Disability	80	0.9%		67
11A-D Financial Control and Governance	791	8.5%		950
12A-C Plan Design and Rules Development	288	3.1%		252
13 Major Projects	1,736	18.5%		817
Total Administration Cost per survey	9,886			8,705
Adjustments:				
<i>subtract</i>	Major Projects	-1,736	-18.5%	-817
<i>add</i>	3-year average Major Project cost	1,215	13.0%	822
<b>Total Adjusted Administration Cost</b>	<b>\$9,364</b>	<b>100%</b>		<b>\$8,710</b>

**Your Total Adjusted Administration Cost was \$37 per Active Member & Annuitant. This was the lowest in your peer group and was about half of the peer median (\$77).**

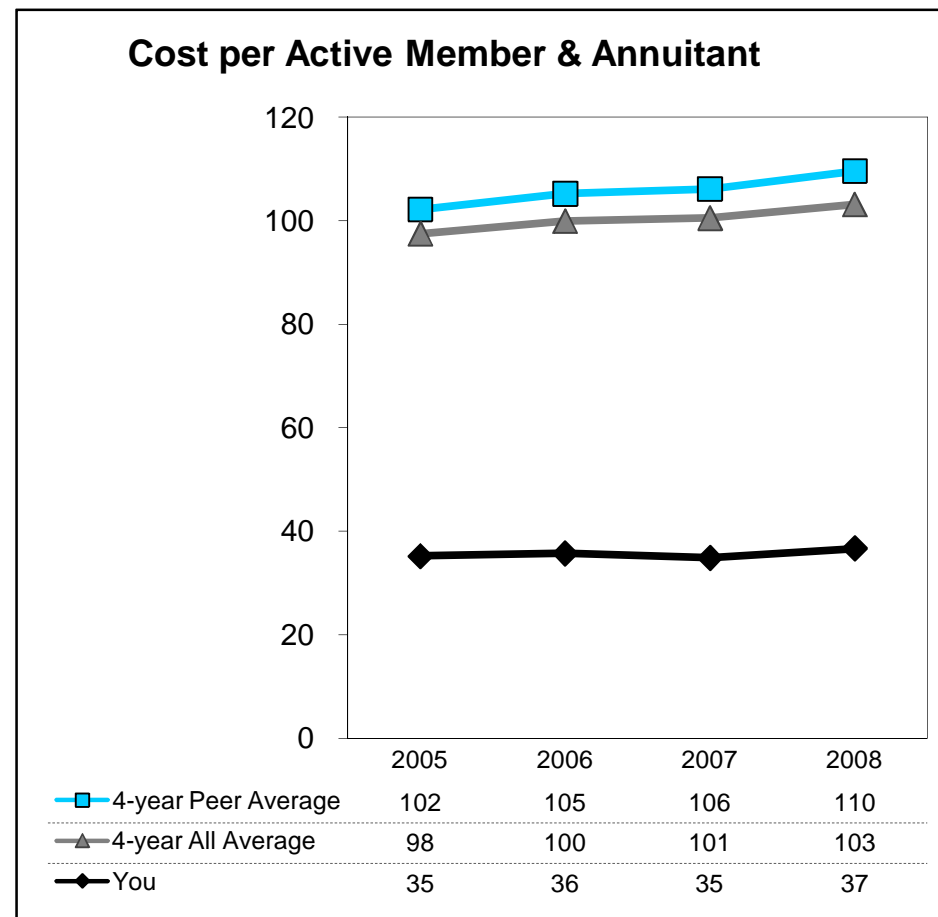


**You spent the largest proportion of your budget on Communication to Members. Your peers' largest cost area was Member Transactions.**



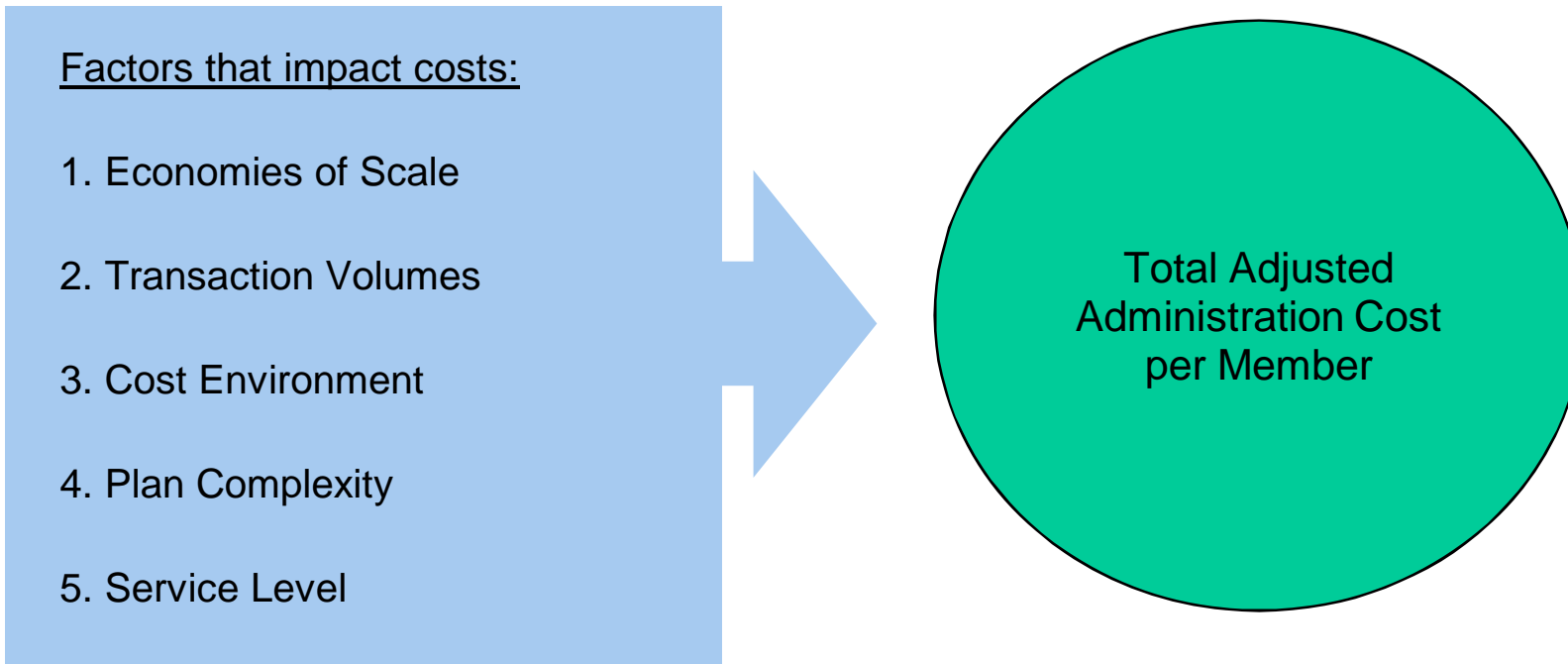
## Cost Trends

- Costs increased 1.9% per annum for the average 4-year participant.
- Your costs have remained relatively flat over the last 4 years.



The 4-year Peer and All are those systems that have provided 4 consecutive years of data (11 of your 14 peers, 36 of the 65 participants).

**We measure and compare 5 factors that impact costs. Economies of Scale, Transaction Volumes and Cost Environment have the largest impact.**

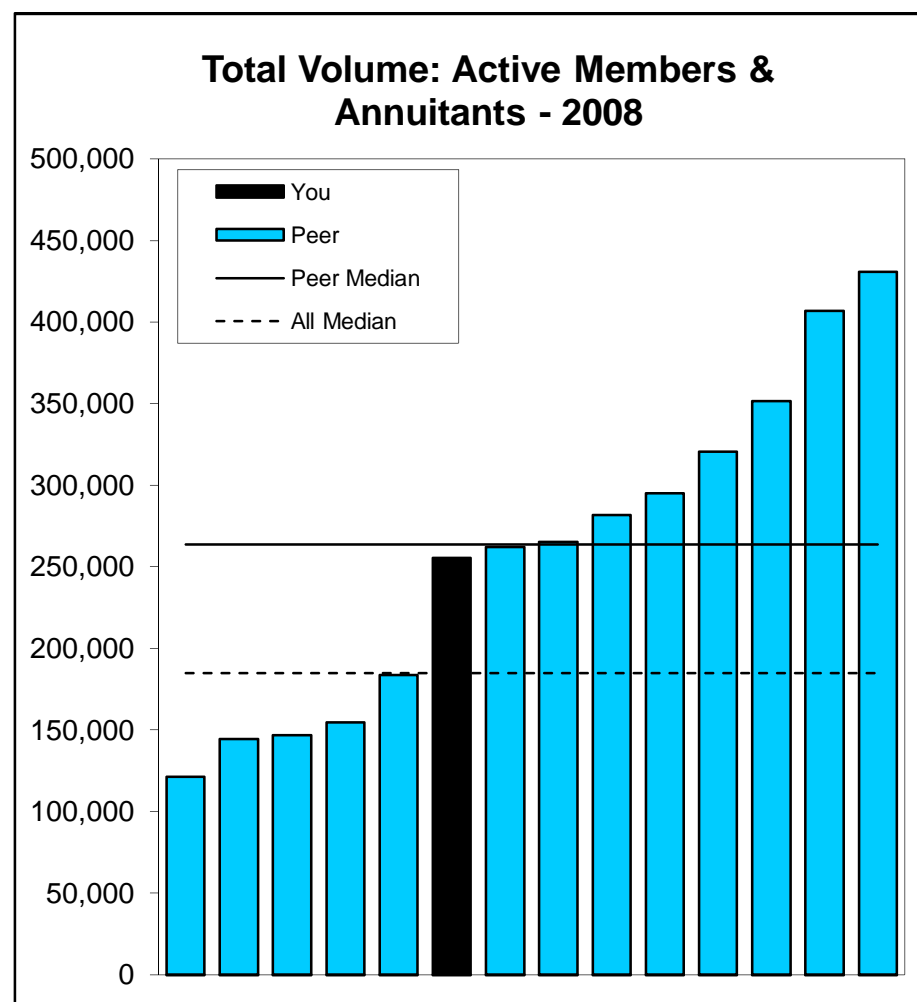


## 1. Economies of Scale

# Total Volume matters most for systems with 100,000 or fewer Active Members & Annuitants.

The scale measure is your Total Volume, which was 255,341 Active Members & Annuitants. This compared to a peer median of 263,424.

As your volume is very close to the peer median, economies of scale does not have a material impact on your results. Furthermore, differences in size do not appear to significantly impact costs until size drops below 100,000 Active Members & Annuitants.

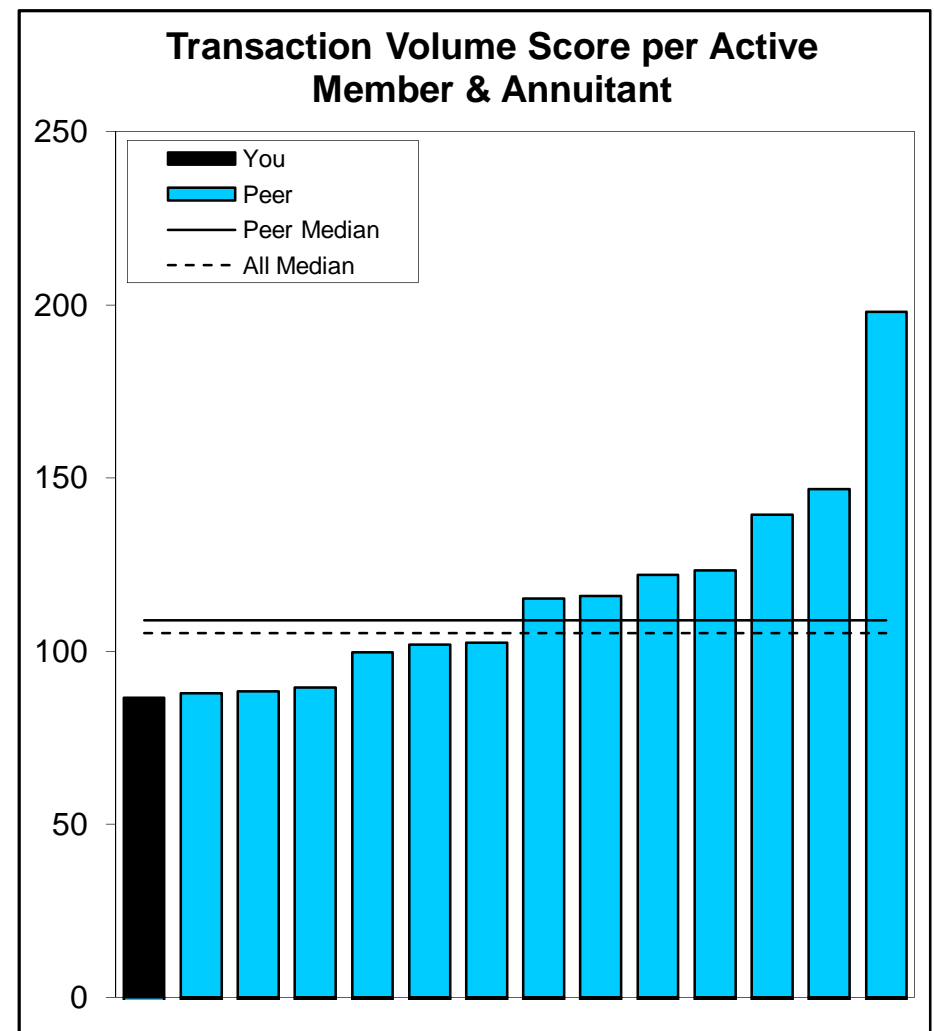


## 2. Transaction Volumes

**Your Transaction Volume Score was 21% below the peer median. This suggests that you do fewer transactions and/or have a less costly mix of transactions per Active Member & Annuitant.**

The Transaction Volume Score summarizes the 80 different pension administration transaction types compared in this report in a single number.

It is higher cost to do more transactions per member. Therefore, it is important to understand how and why your transaction volumes differ.





2. Transaction  
Volumes

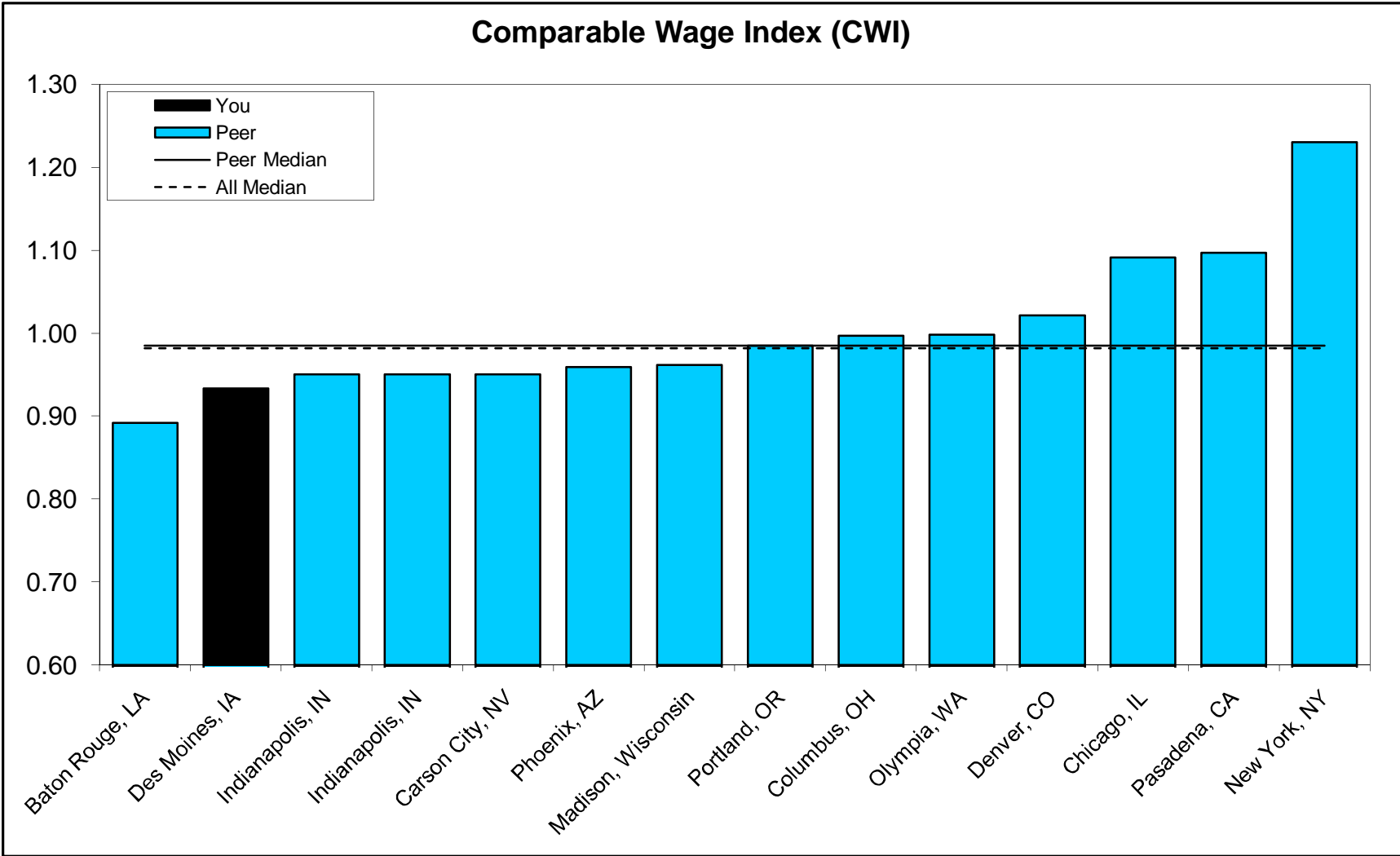
## Here are some examples of differences in your transaction volumes:

Examples where you did *fewer* transactions include:

- **Calls, Emails and Letters** - You had 423 Calls, Emails and Letters for every 1,000 Active Members & Annuitants versus a peer average of 1,201.
- **Disability Applications** - You had 1 Disability Applications for every 1,000 Active Members & Annuitants versus a peer average of 3.
- **Pension Inceptions** - You had 25 Pension Inceptions for every 1,000 Active Members & Annuitants versus a peer average of 34.
- **Eligibility issues** - You were asked to determine employee eligibility 2,500 times or 15 times per 1,000 active members versus a peer average of 58 times per 1,000.
- **Purchases & Transfers-in** - You had 3 Purchases & Transfers-in for every 1,000 Active Members & Annuitants versus a peer average of 19.
- **Payments by check** - You paid 4.5% of your payments by check versus a peer average of 11.5%. Paying by check is more costly than paying by EFT.

3. Cost Environment

Your cost environment is 5.2% lower cost than the peer median.



CWI is based on the wages of college-educated workers within a given geographical area. It is normalized at 1 to be the national average.

Source: "A Comparable Wage Approach to Geographic Cost Adjustment", National Center for Education Statistics. Latest available data is for 2004.

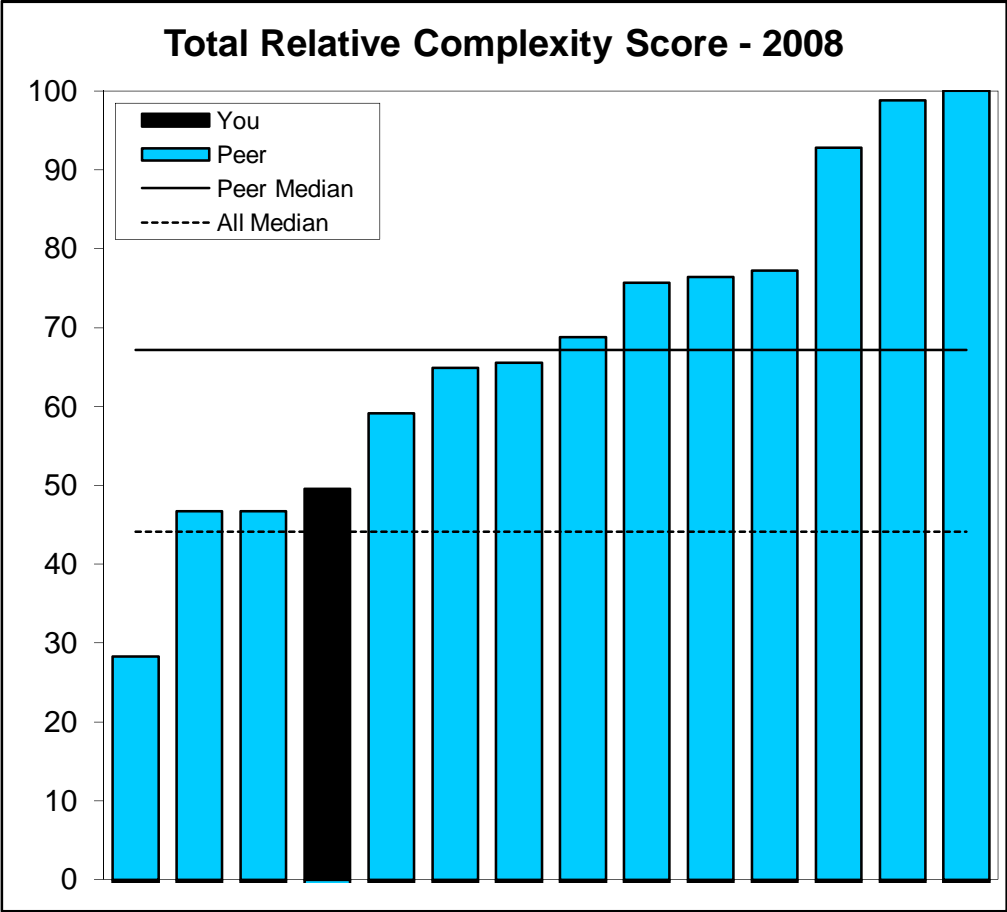
4. Plan Complexity

# Your Complexity was below the peer median.

Plan Complexity is not a good predictor of costs because:

- DB plans are already extremely complex. Thus additional incremental differences cause only a relatively minor impact.
- For many plans, a large part of their complexity is caused by, and confined to, low volume member segments.

The volume of complex transactions, however, does predict costs. These volumes are reflected in the Transaction Volume Score.



#### 4. Plan Complexity

## Your Relative Complexity by underlying cause compared to your peers as follows:

Many participants are curious why they do not have a higher complexity rating.

The most complex participant is CalPERS. Their participating local employers can extensively customize their rule sets. For example, their employers can select their own benefit multipliers, final salary definition, retirement age, cost of living adjustment rules, disability benefit rules etc. Their complexity from Customization Choices is 100 versus your score of 0.

The second most complex participant has a long history of grandfathered changes to their benefit formula and fragmented rules related to different counties and cities. They have over 81 different multipliers and 8 different possible salary definitions that could apply in their benefit formula. Their complexity from Multiple Benefit Formula is 100 versus your score of 44.

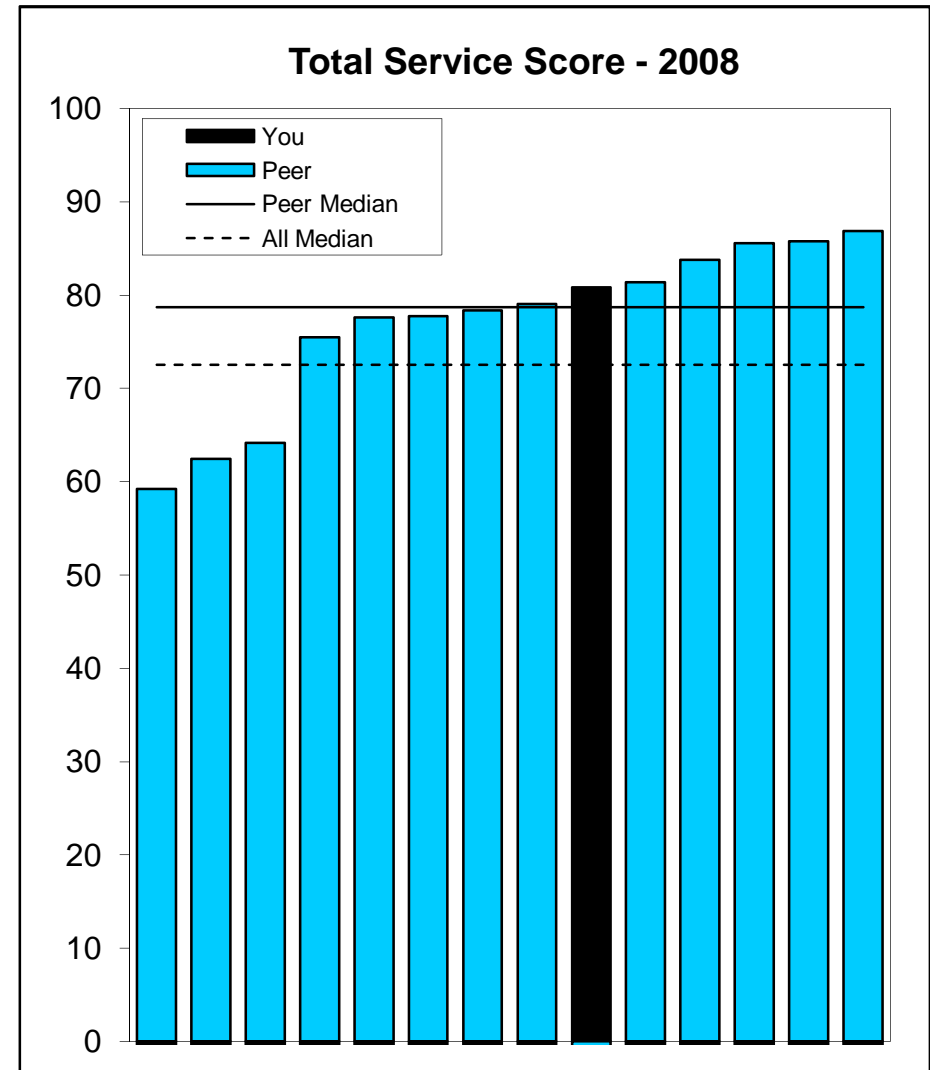
<b>Relative Complexity Ratings by Cause</b>			
<i>Complexity: 0 least - 100 most</i>			
<b>Weight</b>	<b>Underlying Cause</b>	<b>Your</b>	<b>Peer Avg</b>
15.0%	A. Pension Payment Options	65	61
20.0%	B. Customization Choices	0	5
10.0%	C. Multiple Plan Types and Overlays	6	52
16.0%	D. Multiple Benefit Formula	44	42
3.0%	E. External Reciprocity	0	26
4.0%	F. COLA Rules	22	36
3.0%	G. Contribution Rates	17	44
4.0%	H. Variable Compensation	85	84
3.0%	I. Service Credit Rules	58	59
3.0%	J. Divorce Rules	55	63
5.5%	K. Purchase Rules	32	69
4.0%	L. Refund Rules	89	58
6.0%	M. Disability Rules	84	78
0.5%	N. Translation	0	7
3.0%	O. Defined Contribution Plan Rules	0	27
100.0%	Weighted Average (before scaling)	36	44
	Scaled Total Complexity	50	68

## 5. Service Level

**Your Total Service Score was 81. This is above the peer median of 79.**

Service scores are not a good predictor of costs because:

- Costs are driven much more by the volume of service transactions (e.g., the # of calls, # of counseling sessions, etc.) than they are by their timeliness, availability or quality.
- High cost activities such as Collections and Data Maintenance, Governance and Financial Control, Plan Policy / Design and Major Projects do not have service measures.



## 5. Service Level

## Examples of key service measures included in your Service score.

Select Key Service Metrics	You	Peer Avg
<u>Member Contacts</u>		
• % of calls resulting in desired outcomes (versus busy signals, messages, hang-ups)	98%	91%
• Average total wait time including time negotiating auto attendants, etc.	51 secs	116 secs
• Will you provide benefit estimates over the telephone?	Yes	71%Yes
<u>Website</u>		
• Can members access their own data in a secure environment?	Yes	86%Yes
• Do you have an online calculator?	Yes	100%Yes
• Are all, some or none of your forms available online?	Some	36%All
• # of other website tools offered such as making non-financial changes online, etc.	2	5
<u>Member Statements</u>		
• How current is the data in member statements when mailed?	3.0 mos	2.6 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	79%Yes
<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%	90%

## 5. Service Level

## Your Service Scores by Activity compared to your peers as follows:

<b>Service Scores by Activity</b>			
<b>Weight</b>	<b>Activity</b>	<b>Your Score</b>	<b>Peer Avg</b>
18.9%	1 Paying Annuity Pensions	92	97
7.9%	2 Annuity Pension Inceptions (non-disability)	86	76
5.0%	3 Pension Benefit Estimates	88	72
7.9%	4A 1-on-1 Member Counseling	96	78
6.7%	4B Member Presentations	67	83
21.5%	5 Member Contacts: Calls, Emails, Letters	73	64
18.5%	6 Mass Communication to Members and Annuitants	71	74
	a) Website (40%)	48	64
	b) Newsletters (20%)	79	83
	c) Member Statements (35%)	94	81
	d) Other Mass Communication (5%)	70	63
4.0%	7D Service to Employers	85	73
0.3%	8 Refunds, Transfers-out, Terminating Payments	100	65
3.3%	9 Purchases and Transfers-in	84	64
5.1%	10 Disability	80	77
1.0%	Disaster Recovery	88	90
100.0%	<b>Total Service Score (Average)</b>	<b>81</b>	<b>77</b>
	<b>Total Service Score (Median)</b>		<b>79</b>

*We do not have service measures for the activities 7A-C Collections, Data and Billing, activity 11 Governance and Financial Control or activity 12 Plan Design.*

**5. Service Level**

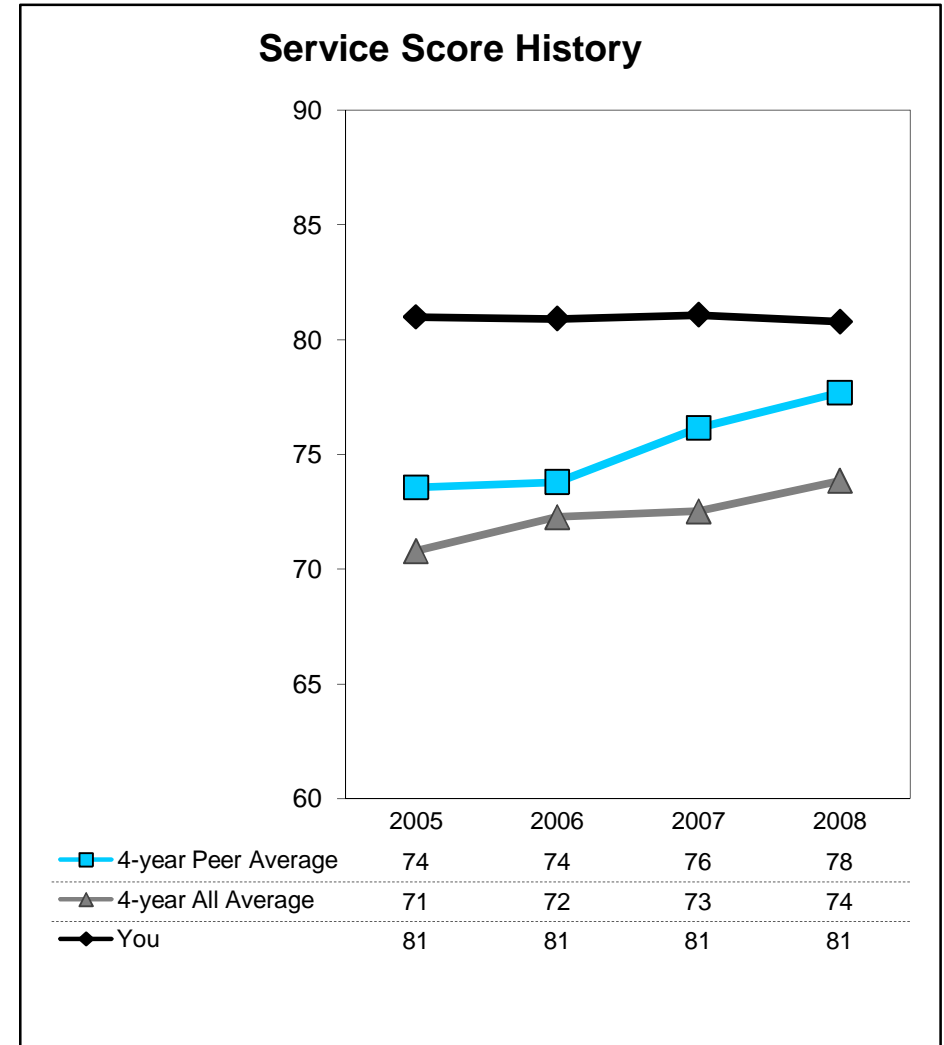
## Examples of changes you could make that would improve your Total Service score by 7.4 points.

This excerpt shows a selection of things you could do to improve your Total Service score. CEM is not recommending these changes. Higher service is not necessarily optimal or cost effective. We include this analysis because many participants want to know what they would have to do to achieve a higher score. The Service section shows in detail what you would need to do to achieve a perfect score for each activity.

- **Satisfaction Surveying** (+1.3 potential additional points) - A perfect score requires that you do single-activity-focused satisfaction surveying for all key activities, survey only members who recently experienced the service, survey as soon as possible after the member experienced the service, be able to summarize results by service representative and survey on a frequent random-sample basis. You do not survey member calls, the website or disability. You do survey pension inceptions, written estimates, 1-on-1 counseling, group counseling, presentations, employers, refunds/transfers-out and purchases/transfers-in but some of the surveys were not sent only to members that experienced the service.
- **Online tools and Transactions** (+2.2) - A perfect score requires that members can do the following transactions online: estimate the cost of purchasing service credit, register for counseling sessions/presentations, change addresses, change beneficiaries, change family information, change direct deposit information, view tax receipts, view annuity payments, apply for retirement, view status of the disability application, use a "secure mailbox", and download a member statement. Your members cannot do 10 of these transactions.
- **Call Quality Monitoring** (+2.2) - A perfect score requires that you review a typical agent's calls at least 4 times a month against a written standard and the review is based on listening in on recordings. You do not regularly review your staff's responses to member calls. You do not monitor a typical agent's calls.
- **Group Size** (+0.9) - A perfect score requires that you have an average of 20 people or less per presentation. You had an average of 46.4 attendees per presentations.
- **Red Tape** (+0.8) - A perfect score requires that you do not require notarized documents nor birth/marriage certificates from members. You require notarization. 47% of your peers do not require notarization. You require birth and/or marriage certificates before you incept a pension. 29% of your peers do not require this.

## Service Trends

- Service Scores increased 1 point per annum for the average 4-year participant.



The 4-year Peer and All are those systems that have provided 4 consecutive years of data (11 of your 14 peers, 36 of the 65 participants).

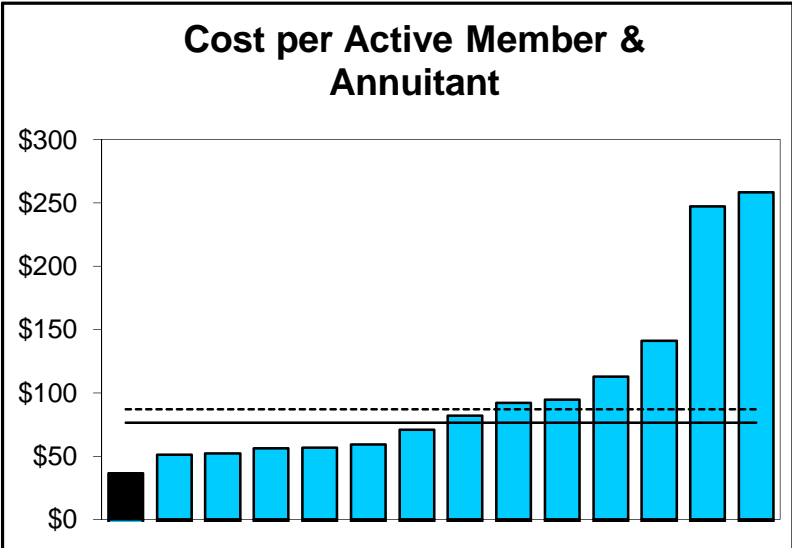
# Key Takeaways

1. Your Total Service Score of 81 was above the peer median of 79.

- This above-median score is impressive given your very low cost.



2. Your Total Cost of \$37 per Active Member & Annuitant was the lowest of your peer group.



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## **In addition to this report, the CEM service includes forums for identifying best practices and sharing knowledge and ideas**

### **1) Best Practice Research**

Every year CEM publishes best practice research.

- Communication Strategies (2008)
- Online Secure Member Areas (2007)
- Pension Call Centers (2006)
- Member Statements (2005, 2001)
- Collections and Data Maintenance Business Process Review (2004)
- Websites (2003)
- Disability Benefit Brochure Content (2003)
- Member Handbooks and Brochures (2003)
- Satisfaction Surveying Methodology (2002)

### **2) The Online Peer Network**

Participants can post new questions and access the online library of more than 200 pension administration related questions and answers. ([www.cembenchmarking.com](http://www.cembenchmarking.com))

### **3) World Conference (May 20 - 22, 2009 in Denver, CO)**

This conference focuses on sharing best practices and networking. The 2009 conference will be co-hosted by the Colorado Public Employee's Retirement Association.