

CEM Pension Administration Benchmarking Analysis

Iowa Public Employees' Retirement System



Key Takeaways:

Cost

- Your total pension administration cost of \$46 per active member and annuitant was \$52 below the peer average of \$98.
- From 2013 to 2020, your total pension administration cost per active member and annuitant increased by 0.3% per annum.
- You continue to be one of the lowest cost systems in our database.

Service

- Your total service score was 79. This was below the peer median of 83. You have a very high scoring peer group, including 6 out of the 10 top scoring systems in the CEM's database.
- Your service score increased from 76 to 79 between 2013 and 2020. This was mainly due to improvements made in your mass communications.

70 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
LACERA
Maryland SRPS
Michigan ORS
Minnesota State RS
Nevada PERS
North Carolina RS
NYC ERS
NYC TRS
NYSLRS
Ohio PERS
Oregon PERS
Pennsylvania PSERS

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

Canada

Alberta TRS
Alberta PS
BC Pension Corporation
Canadian Forces PP
Federal Public Service PP
LAPP of Alberta
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP
Saskatchewan HEPP

The Netherlands*

ABN Amro PF
ABP
bpfBOUW
BPF Levensmiddelen
BPL Pensioen
Metaal en Techniek
PF PWRI
PF Vervoer
PFZW
Rabobank PF
Shell PF

South Africa

EPPF

United Kingdom*

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
South Yorkshire PF
Teachers' Pensions
Tyne & Wear PF
Universities Superannuation
West Midlands Metro
West Yorkshire PF

* Systems in the UK and most systems in the Netherlands complete different benchmarking surveys and hence your analysis does not include their results

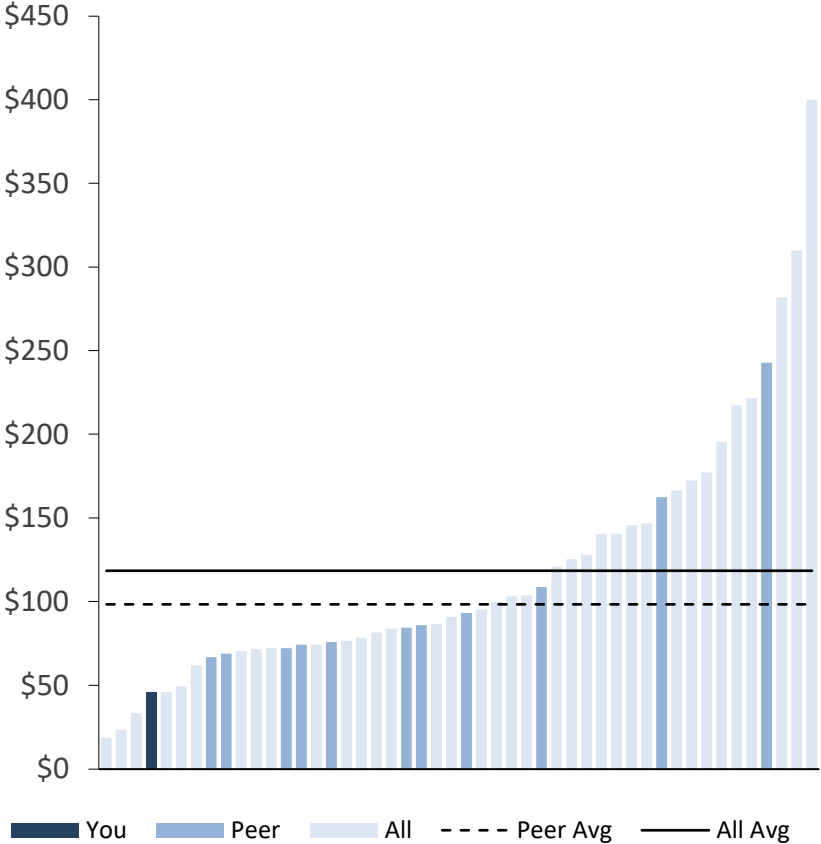
The custom peer group for Iowa PERS consists of the following 12 peers:

Custom Peer Group for Iowa PERS			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuitants	Total
Washington State DRS	338	201	539
Indiana PRS	252	164	416
Arizona SRS	210	159	369
Colorado PERA	245	124	369
STRS Ohio	209	159	368
Oregon PERS	181	155	336
Illinois MRF	178	136	314
Iowa PERS	170	127	297
PERS of Mississippi	153	113	266
PSRS PEERS of Missouri	129	98	227
NYC TRS	129	93	222
TRS Louisiana	92	81	172
Peer Median	179	131	325
Peer Average	191	134	325

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 \$52 below the peer average of \$98.

Pension Administration Cost Per Active Member and Annuitant



Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
<u>Front office</u>			
Member Transactions	1,266	4	13
Member Communication	2,705	9	15
Collections & Data Maintenance	1,661	6	7
<u>Governance and support</u>			
Governance and Financial Control	935	3	8
Major Projects	174	1	13
Information Technology	4,911	17	24
Building	713	2	7
Legal	373	1	3
HR, Actuarial, Audit, Other	850	3	10
Total Pension Administration	13,587	46	98

Reasons why your cost per member was \$52 below the peer average:

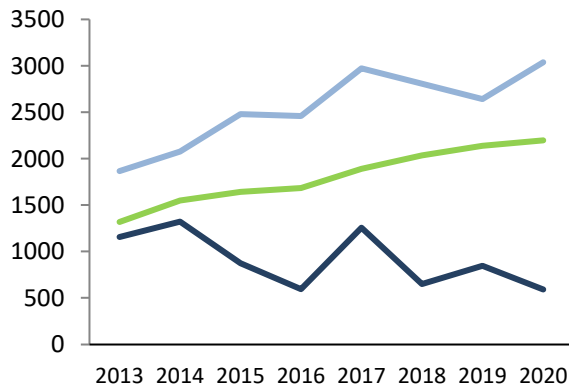
Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front-office FTE per 10,000 members	1.6 FTE	3.7 FTE	-\$26
2 Lower third party costs per member in the front-office	\$4	\$5	-\$1
3 Higher costs per FTE			
Salaries and Benefits (Incl. retiree benefits)	\$104,736	\$95,163	
Building and Utilities	\$10,815	\$11,606	
HR	\$1,897	\$3,355	
IT Desktop, Networks, Telecom	<u>\$13,927</u>	<u>\$15,684</u>	
Total	\$131,375	\$125,808	\$3
4 Lower support costs per member ¹			
Governance and Financial Control	\$4	\$9	
Major Projects	\$1	\$14	
IT Strategy, Database, Applications	\$14	\$17	
Actuarial, Legal, Audit, Other	<u>\$4</u>	<u>\$12</u>	
Total	\$22	\$52	-\$29
Total			-\$52

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

One reason you had fewer FTE in the front-office was that you preformed 35% fewer weighted transactions that peers. You also had higher productivity.

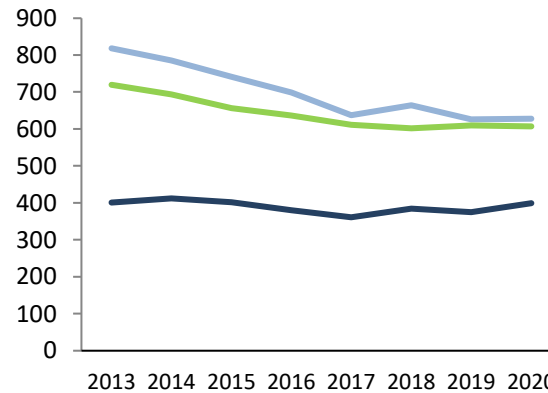
Website - Total Secure Area Visits

per 1,000 active members and annuitants



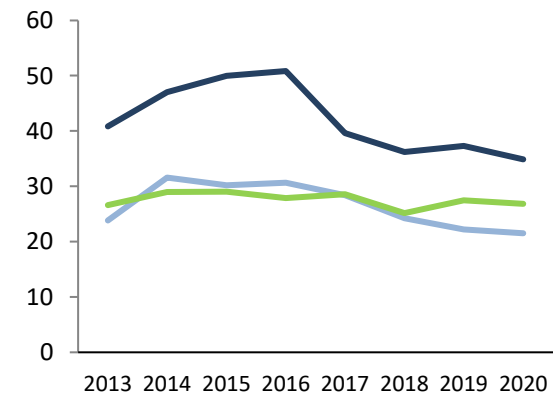
Incoming Calls and Emails

per 1,000 active members and annuitants



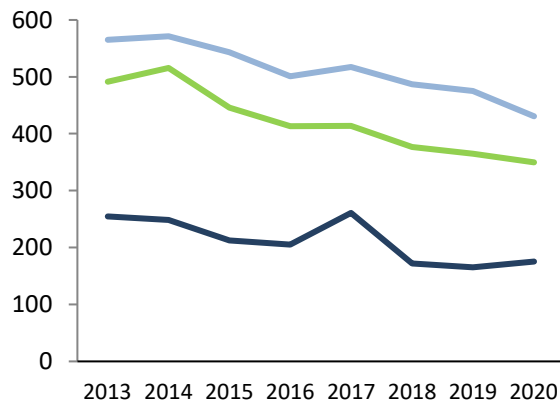
Written Estimates

per 1,000 active members and annuitants



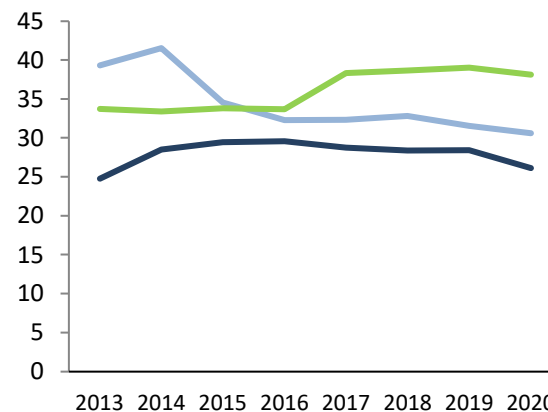
Incoming Mail

per 1,000 active members and annuitants



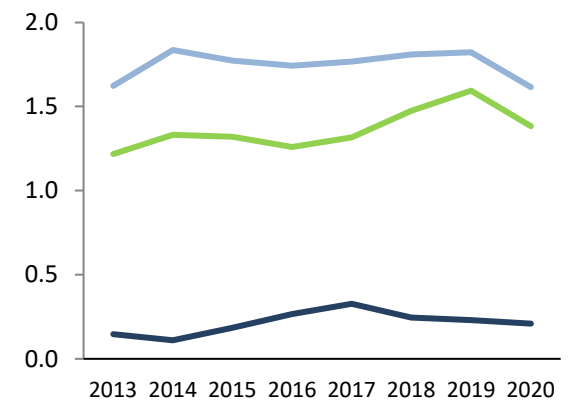
Members Counseled 1-on-1

per 1,000 active members and annuitants



Member Presentations

per 1,000 active members and annuitants

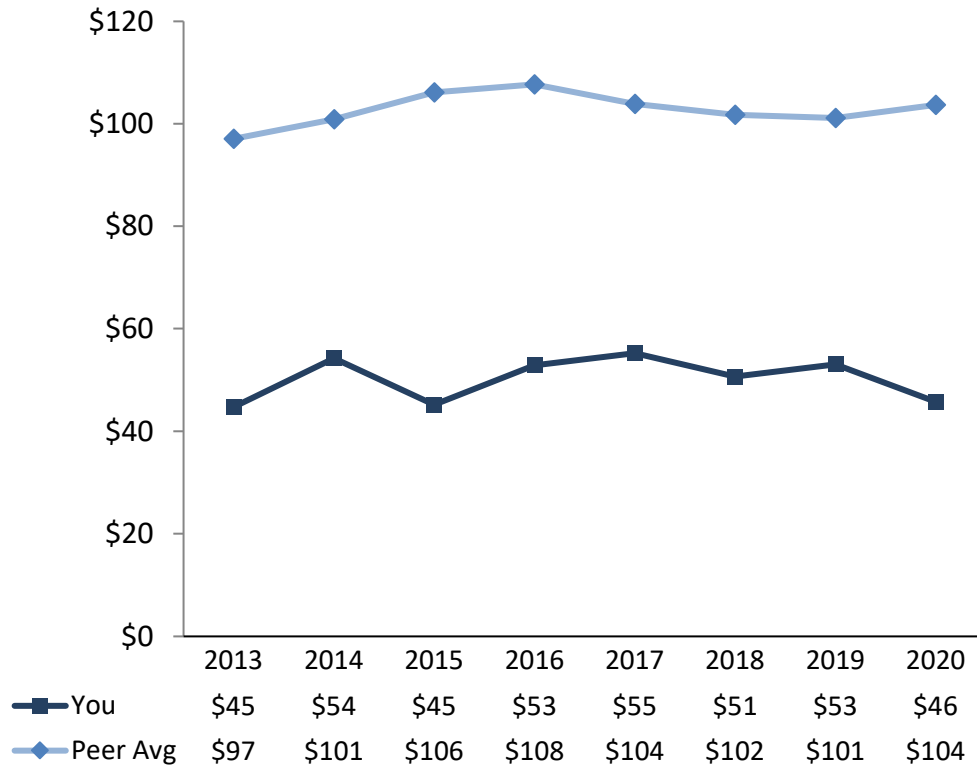


— You — Peer Avg — All Avg

Trend analysis is based on 36 systems that have provided 8 consecutive years of data.

Cost Trends

Trend in Total Pension Administration Costs



Between 2013 and 2020:

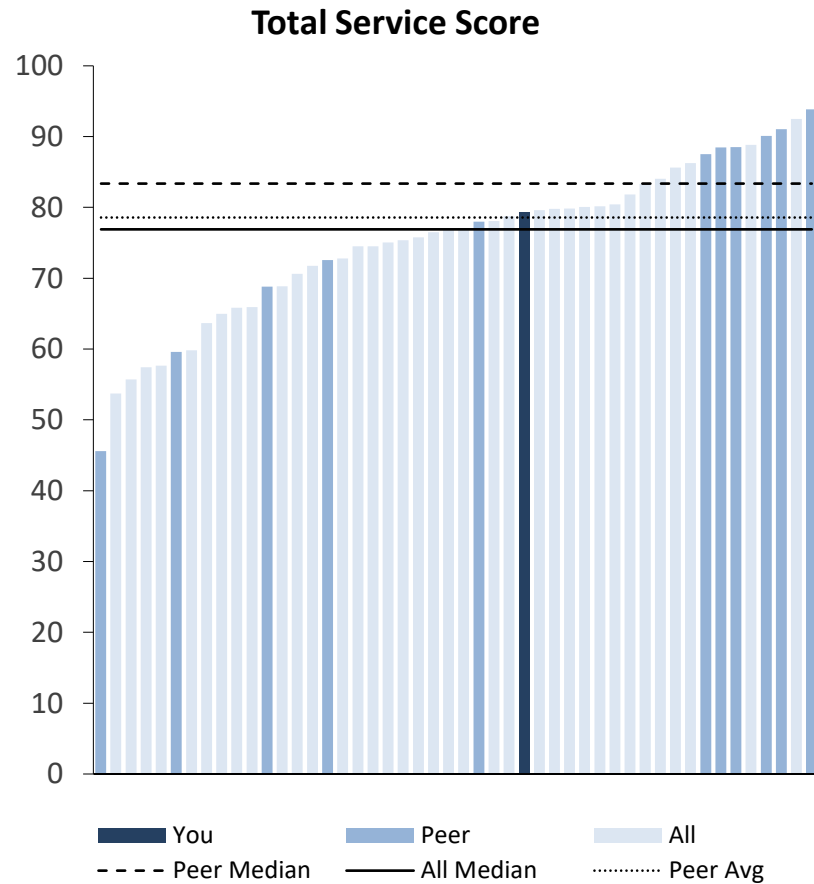
Your total pension administration cost per active member and annuitant increased 0.3% per annum.

During the same period, the average cost of your peers with 8 consecutive years of data increased 0.9% per annum.

You continue to be one of the lowest cost systems in our database.

Trend analysis is based on systems that have provided 8 consecutive years of data (10 of your 12 peers).

Your total service score was 79. This was below the peer median of 83.



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
1. Member Transactions			
Pension Payments	10.0%	100	100
Pension Inceptions	7.4%	88	90
Refunds, Withdrawals, and Transfers-out	1.3%	100	95
Purchases and Transfers-in	3.1%	92	86
Disability	3.8%	90	86
2. Member Communication			
Call Center	21.0%	79	77
1-on-1 Counseling	7.4%	97	91
Member Presentations	6.5%	51	100
Written Pension Estimates	4.7%	93	96
Mass Communication			
Website	21.3%	74	83
News and Targeted Communication	2.8%	87	84
Member statements	4.7%	91	87
3. Other			
Member Experience Surveying	5.0%	10	41
Disaster Recovery	1.0%	100	99
Weighted Total Service Score	100%	79	83

Examples of key service measures included in your Service Score:

Select Key Service Metrics	You 2020	Peer Avg
<u>Member Contacts</u>		
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	6%	11%
• Average total wait time including time negotiating auto attendants, etc.	36 secs	195 secs
<u>Website</u>		
• Can members access their own data in a secure environment?	Yes	92% Yes
• Do you have an online calculator linked to member data?	Yes	92% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	13	14
<u>1-on-1 Counseling and Member Presentations</u>		
• % of your active membership that attended a 1-on-1 counseling session	4.6%	4.9%
• % of your active membership that attended a presentation	1.2%	6.1%
<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	100.0%	90.2%
<u>Member Statements</u>		
• How current is an active member's data in the statements that the member	3.0 mos	2.2 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	75% Yes

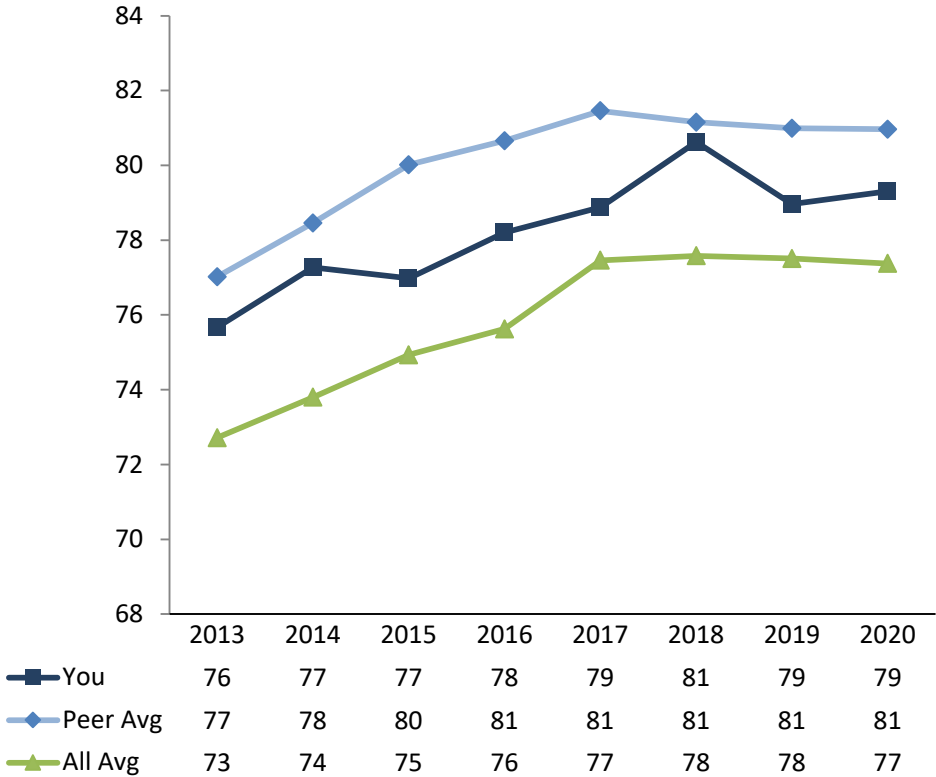
Where can you improve your total service score?

Potential improvements to your total service score	
Factor	Potential Improvement
You do not review your staff's responses to member calls, 1-on-1 counselors or presenters for coaching purposes. To achieve a perfect service score you must review your staff's responses to member calls 4 or more times per month and must regularly review counselors and presenters for coaching purposes.	+2.3
You did not survey recently retired members about their retirement process experience during the fiscal year covered in this benchmarking report.	+ 1.1
You require notarization of retirement applications when incepting a pension and on disability applications. To achieve a perfect service score you must not require notarization of retirement applications when incepting a pension or disability applications.	+1.0
Your members are forced to acknowledge a disclaimer every time they log-in or use the calculator. To achieve a perfect service score members must not be forced to acknowledge a disclaimer every time they log-in or use the calculator.	+ 0.9

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

Your service score increased from 76 to 79 between 2013 and 2020.

Trends in Total Service Scores



Changes that had a positive impact:

- Website: Over the past 8 years you've added a number of online transactions, such as a service credit purchase calculator, changing a beneficiary, and the option to register for presentations.
- Newsletters: You now offer 5 targeted newsletters to different segments vs. 1 in 2013.
- Presentations: Your percent of attendees as a percent of active members increased from 0.6% to 1.2%.

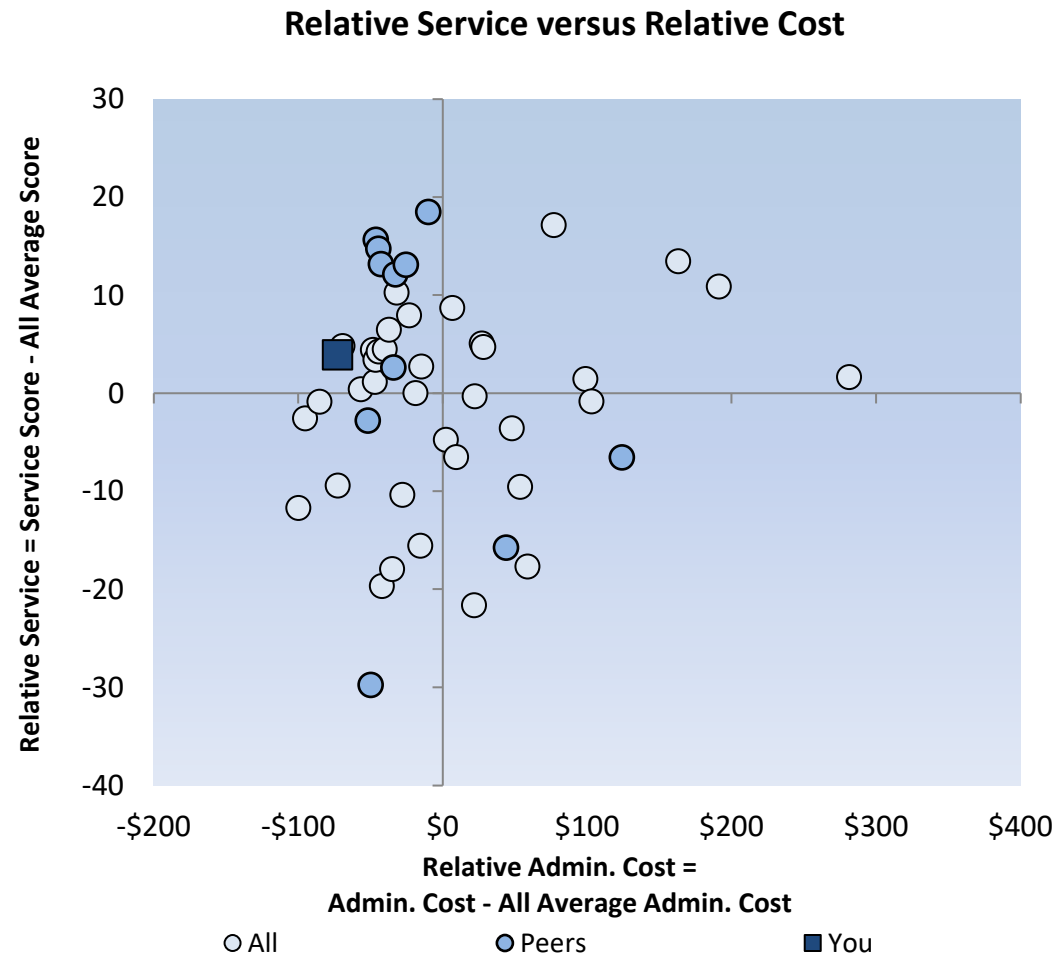
Changes that had a negative impact:

- Member Experience Surveying: You are doing less member surveying than you did in 2013.

Trend analysis is based on systems that have provided 8 consecutive years of data (10 of your 12 peers and 36 of the 48 systems in the universe).

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

The relationship between service and pension administration cost in the CEM universe:



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