

# The Iowa Public Employees' Retirement System Pension Administration Benchmarking Report FY 2018

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# How you can use CEM's pension administration benchmarking service:

## Measure and Manage Costs

Understand the factors influencing costs with detailed peer analysis of:

- Staff costs
- Transaction Volumes
- Productivity

## Measure and Manage Service

An analysis of over 120 key performance metrics that compares:

- Your service levels relative to your peers
- Service areas to improve or reduce



## Global Best Practices

Leveraging and sharing the wealth of knowledge and expertise that exists among CEM clients, the CEM team, and other industry experts through exclusive:

- Conferences and Workshops
- Online Peer Intelligence Network
- Insights Research Papers

# 64 leading global pension systems participate in the benchmarking service.

## Participants

### Canada

APS  
Alberta Teachers' RF  
BC Pension Corporation  
Canadian Forces Pension Plans  
FPSPP  
LAPP  
OMERS  
Ontario Pension Board  
Ontario Teachers  
OPTrust  
RCMP  
Retraite Quebec  
SHEPP

### United States

Arizona SRS  
CalPERS  
CalSTRS  
Colorado PERA  
Delaware PERS  
Florida RS  
Idaho PERS  
Illinois MRF  
Indiana PRS  
Iowa PERS  
KPERS  
LACERA  
Michigan ORS  
Nevada PERS  
North Carolina RS  
NYC ERS  
NYC TRS  
NYSLRS  
Ohio PERS  
Oregon PERS  
Pennsylvania PSERS  
PSRS PEERS of Missouri  
South Carolina RS  
South Dakota RS

### STRS Ohio

Texas County and District RS  
TRS Illinois  
TRS Louisiana  
TRS of Texas  
Utah RS  
Virginia RS  
Washington State DRS  
Wisconsin DETF

### The Netherlands\*

ABN Amro Pensioenfond  
ABP  
bpfBOUW  
Pensioenfond Metaal en Techniek  
Pensioenfond Vervoer  
Philips Pensioenfond  
PFZW  
Rabobank Pensioenfond  
Shell Pensioenfond  
St. Pensioenfond Openbaar Vervoer  
Spoorwegpensioenfond

### United Kingdom\*

Armed Forces Pension Schemes  
BSA NHS Pensions  
Pension Protection Fund  
Principal Civil Service Pension Scheme  
Scottish Public Pension Agency  
Teachers' Pensions Scheme  
Universities Superannuation Scheme

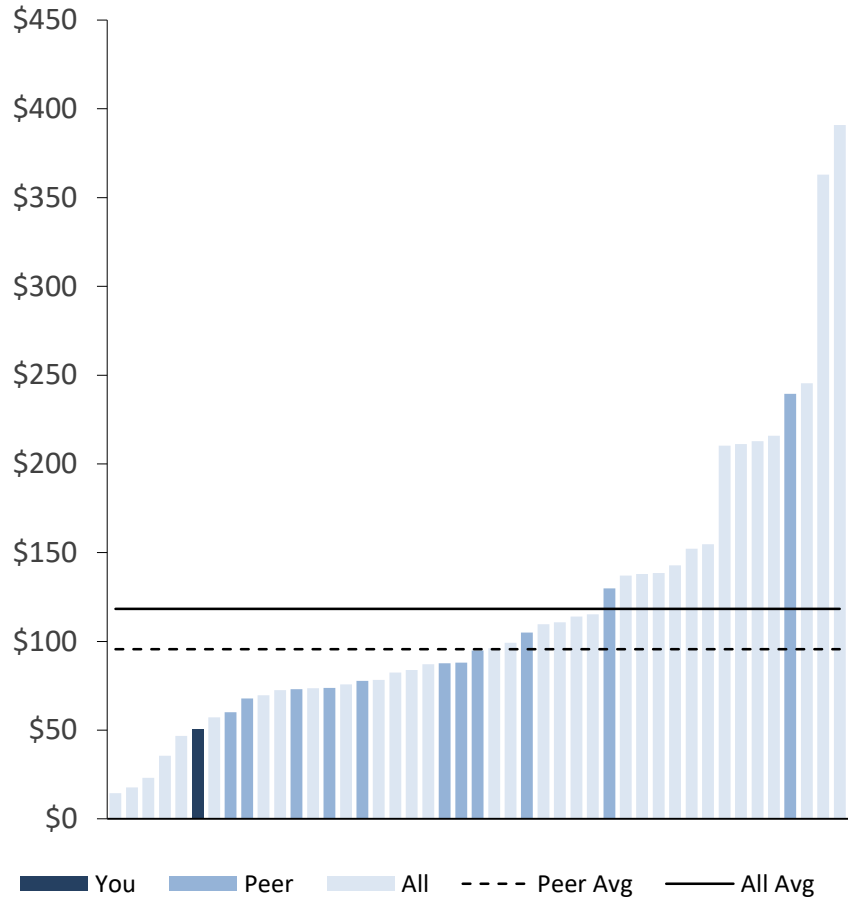
\* Systems in the Netherlands and UK complete different benchmarking surveys and hence your analysis does not include their results.

# 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	321	186	507
Wisconsin DETF	257	203	461
Indiana PRS	255	157	411
STRS Ohio	211	160	371
Colorado PERA	242	118	359
Arizona SRS	207	150	357
Oregon PERS	173	148	321
Illinois MRF	176	127	302
<b>Iowa PERS</b>	<b>170</b>	<b>121</b>	<b>291</b>
PSRS PEERS of Missouri	127	92	219
NYC TRS	128	89	217
TRS Louisiana	91	79	170
Peer Median	191	137	339
Peer Average	197	136	332

# Your total pension administration cost was \$51 per active member and annuitant.

**Pension Administration Cost Per Active Member and Annuitant**



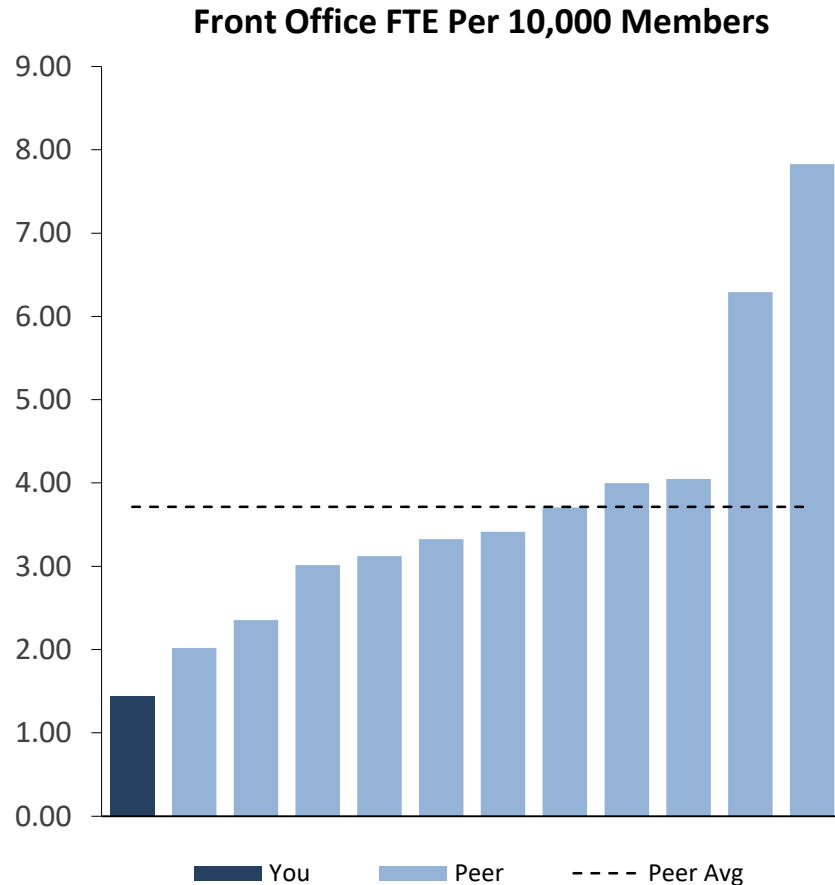
Category	\$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
<u>Front-office</u>			
Member Transactions	1,213	4	13
Member Communication	2,513	9	16
Collections and Data Maintenance	1,607	6	7
<u>Back-office</u>			
Governance and Financial Control	879	3	8
Major Projects	3,568	12	11
Information Technology	3,289	11	22
Building	638	2	8
Legal	291	1	3
HR, Actuarial, Audit, Other	757	3	9
<b>Total Pension Administration</b>	<b>14,754</b>	<b>51</b>	<b>96</b>

- Your total pension administration cost was \$14.8 million.
- This was \$45 per member below the peer average of \$96.
- Your cost per member was lower in all but one category.

# Reasons why your total cost was \$45 per member 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	3.7	-\$30
2. Higher third party costs per member in the front-office	\$4	\$4	-
3. Higher costs per FTE			
Front-office Salaries and Benefits	\$99,842	\$81,595	
Back-office Salaries and Benefits	\$122,700	\$122,614	
Blended Average	\$107,486	\$95,919	
Pay-as-you-go Benefits	\$796	\$847	
Building and Utilities	\$10,158	\$13,126	
HR	\$1,640	\$3,421	
IT Desktop, Networks, Telecom	<u>\$10,619</u>	<u>\$12,821</u>	
Total	\$130,699	\$126,134	\$3
4. Lower support costs per member			
Governance and Financial Control	\$3	\$9	
Major Projects	\$12	\$11	
IT Strategy, Database, Applications	\$10	\$16	
Actuarial, Legal, Audit, Other	<u>\$3</u>	<u>\$11</u>	
Total	\$29	\$47	-\$18
<b>Total</b>			<b>-\$45</b>

# You had less front office FTE per 10,000 members than your peers.



- Your 1.4 front office FTE per 10,000 members was 61% below the peer average of 3.7.
- This decreased your total cost per member by \$29.87 relative to the peer average.
- Your front office FTE per 10,000 members is a function of two components: productivity and workloads.

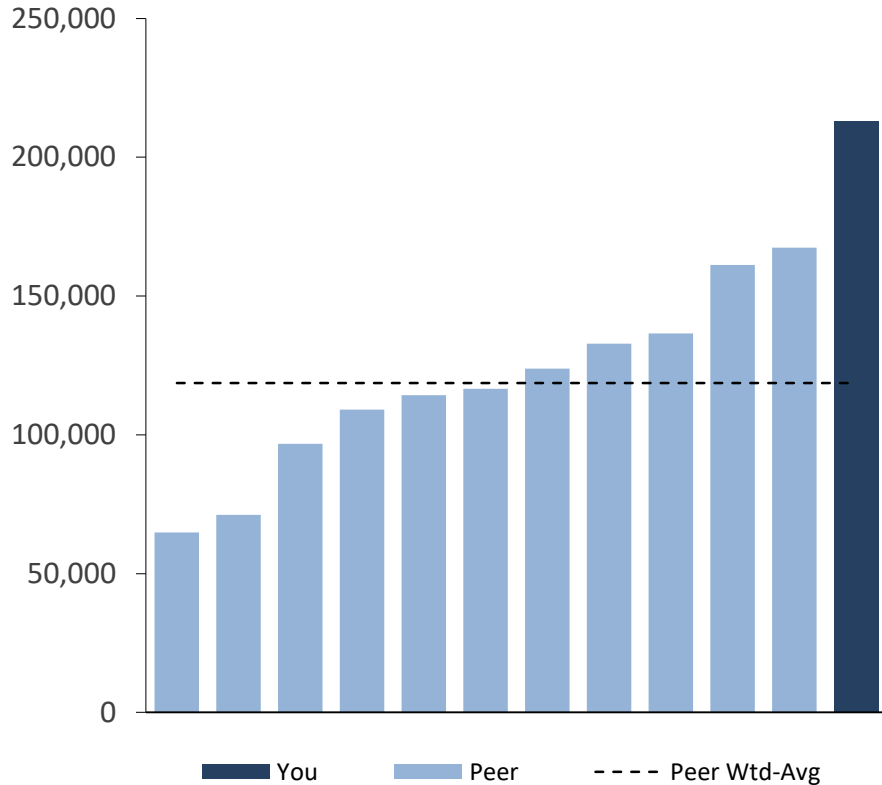
# Where did you do more/fewer transactions?

Front Office Transactions (or Transaction Driver)	Volume per 1,000 Active Members and Annuitants		
	You	Peer Average	More/ -Less
<b>1. Member Transactions</b>			
a. Pension Payments (Annuitants)	415	413	1%
b. New Payee Inceptions	24	25	-4%
c. Refunds, Withdrawals, and Transfers-out	31	29	6%
d. Purchases and Transfers-in	0	32	-99%
e. Disability Applications	0.8	1.9	-56%
<b>2. Member Communication</b>			
a. Calls and Emails	384	626	-39%
b. Incoming Mail	172	470	-63%
c. Members Counseled 1-on-1	28	30	-5%
d. Member Presentations	0.2	1.7	-86%
e. Written Estimates	36	34	6%
<b>3. Collections and Data Maintenance</b>			
a. Data and Money from Employers (Active Members)	585	587	0%
b. Service to Employers (Active Members)	585	587	0%
c. Data Not from Employers (Actives, Inactives, Annuitants)	1,240	1,342	-8%
<b>Weighted Total</b>	<b>30,542</b>	<b>44,611</b>	<b>-32%</b>



# You had higher transactions per FTE (total productivity).

**Weighted Transactions per Front Office FTE**



- Your weighted transactions per front office FTE were 79% above the peer average.

Activity	Activity Volume per FTE		
	You	Peer Avg	+/-
<b>Member Transactions</b>			
Pension Payments	48,395	21,453	26,941
New Payee Inceptions	1,692	742	950
Refunds & Transfers-out	5,654	3,934	1,720
Purchases and Transfers-in	120	1,152	-1,032
Disability Applications	593	227	366
<b>Member Communication</b>			
Calls and Emails	26,048	11,642	14,405
Incoming Mail	29,412	22,583	6,829
Members Counseled 1-on-1	2,104	1,331	773
Member Presentations	51	136	-86
Written Estimates	3,638	2,215	1,422
<b>Collections and Data Maintenance</b>			
Data and Money from Employers	28,396	22,696	5,700
Service to Employers	43,687	47,286	-3,599
Data Not from Employers	76,896	147,418	-70,522
<b>Weighted Total</b>	<b>212,894</b>	<b>118,629</b>	<b>94,266</b>

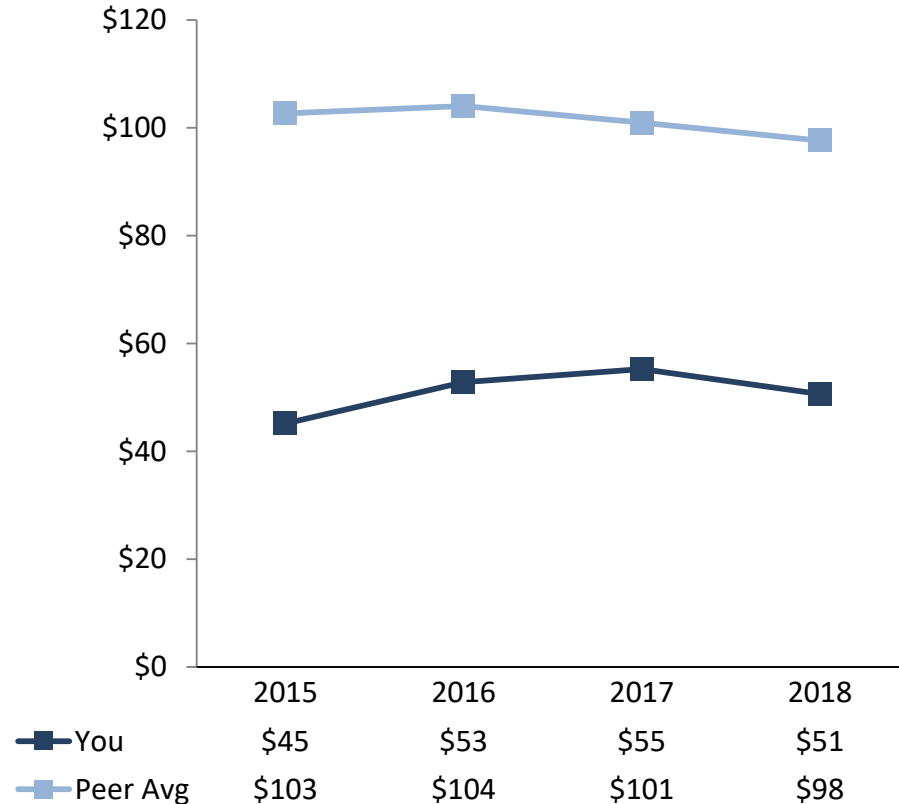
## You paid less for back-office activities.

Back-Office Activities - Cost per Member			
Back-Office Activities	You	Peer Avg	More/ -less
Governance and Financial Control	\$3.31	\$9.28	-\$5.98
Major Projects	\$12.24	\$11.19	\$1.05
IT Strategy, Database, Applications	\$10.07	\$16.25	-\$6.19
Actuarial, Legal, Audit, Other	\$3.39	\$10.55	-\$7.16
Total	\$29.00	\$47.28	-\$18.27

- Paying less for back-office activities decreased your total cost per member by \$18.27 relative to the peer average.

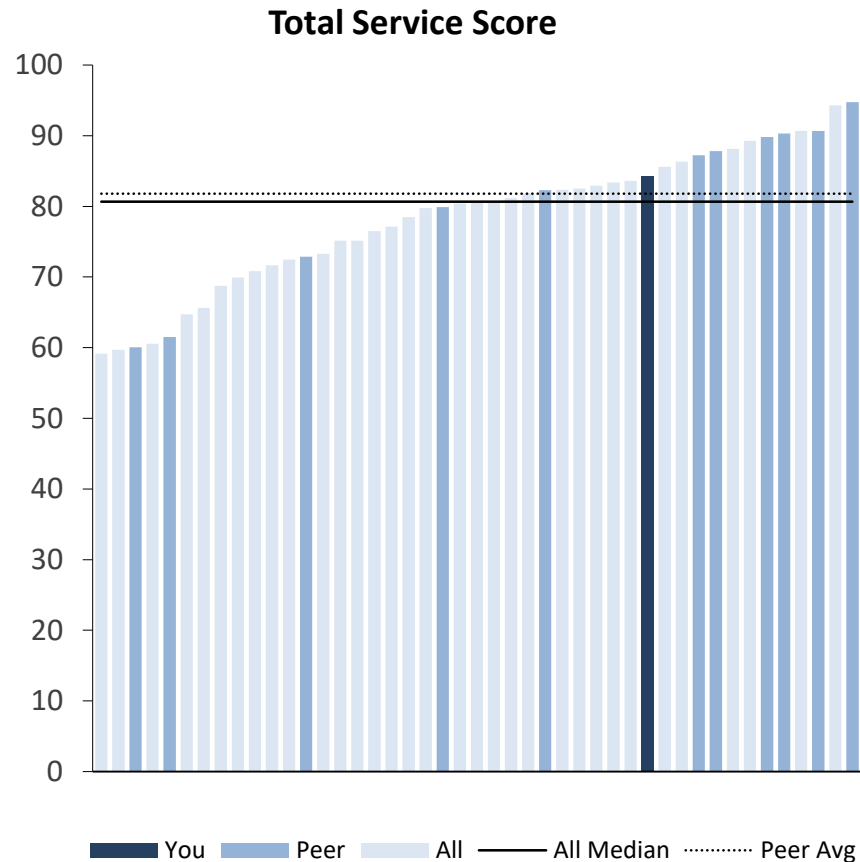
# Cost Trends

## Trend in Total Pension Administration Costs



- Changes to total administration costs per member year-over-year have been mostly due to variances in major project spending.
- Iowa PERS continues to have the lowest administration cost in its peer group.

# Your total service score of 84 was above the peer average of 82.



## Service Scores by Activity

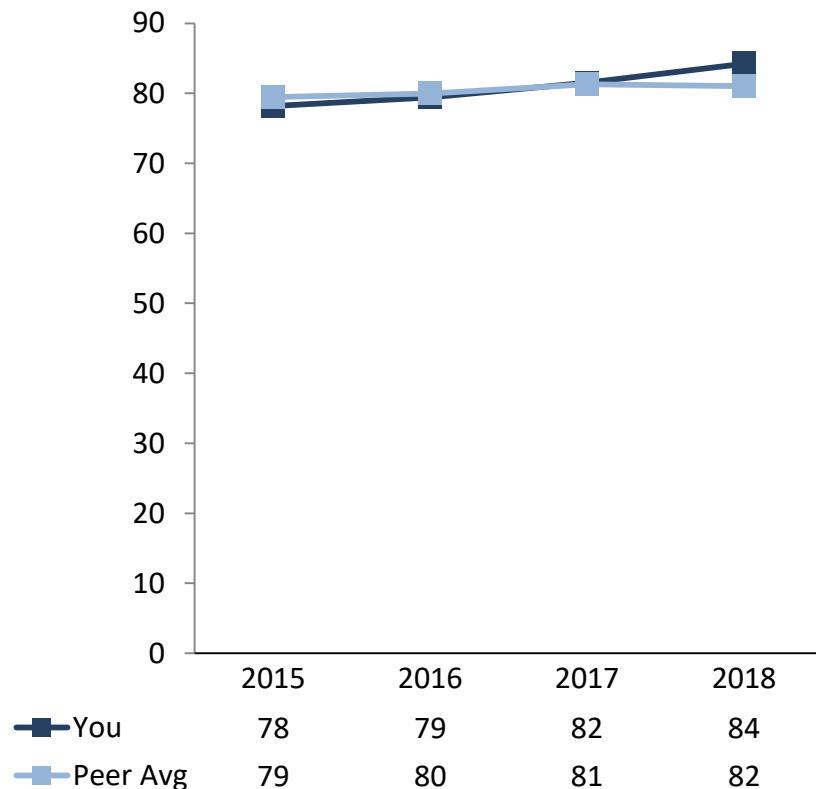
Activity	Weight	You	Peer Average
<b>1. Member Transactions</b>			
a. Pension Payments	10.0%	100	100
b. Pension Inceptions	7.4%	88	83
c. Refunds, Withdrawals, and Transfers-out	1.3%	100	78
d. Purchases and Transfers-in	3.1%	92	79
e. Disability	3.8%	90	86
<b>2. Member Communication</b>			
a. Call Center	21.0%	81	72
c. 1-on-1 Counseling	7.4%	97	86
d. Member Presentations	6.5%	70	96
e. Written Pension Estimates	4.7%	93	87
f. Mass Communication			
• Website	21.3%	74	79
• News and targeted communication	2.8%	83	81
• Member statements	4.7%	91	84
<b>3. Other</b>			
Satisfaction Surveying	5.0%	76	65
Disaster Recovery	1.0%	100	92
<b>Weighted Total Service Score</b>	<b>100.0%</b>	<b>84</b>	<b>82</b>

# Examples of key service metrics included in your service score:

Select Key Service Metrics	You	Peer Avg
<u>Member Contacts</u>		
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	5%	10%
• Average total wait time including time negotiating auto attendants, etc.	36 secs	231 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.	12	14
<u>1-on-1 Counseling and Member Presentations</u>		
• % of your active membership that attended a 1-on-1 counseling session	4.8%	5.1%
• % of your active membership that attended a presentation	1.9%	7.1%
<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 check?	100.0%	90.6%
<u>Member Statements</u>		
• How current is an active member's data in the statements that the member receives?	3.0 mos	2.3 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	83% Yes

# Your service score increased from 78 to 84 between 2015 and 2018.

Trends in Total Service Scores



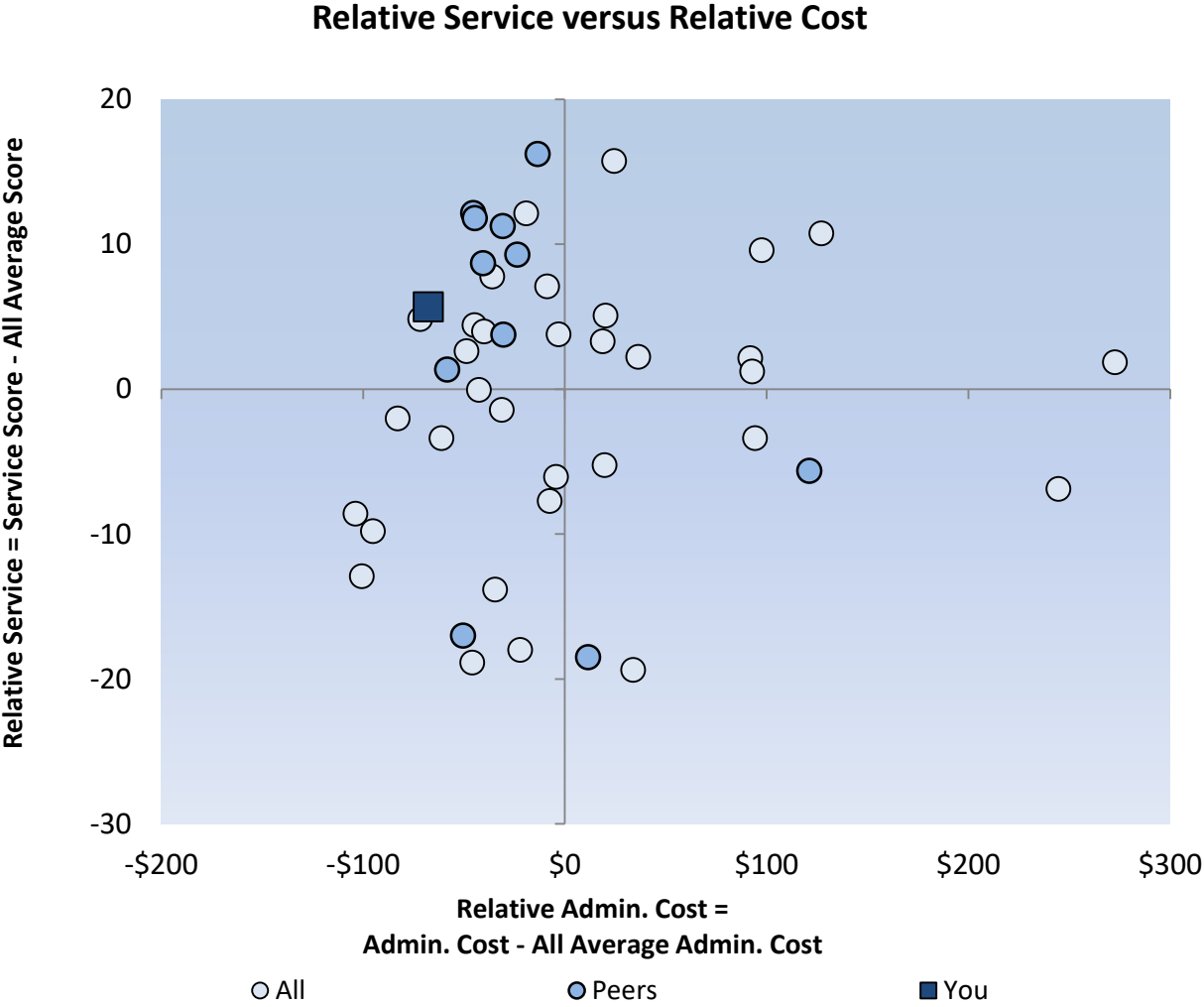
Trend analysis is based on systems that have provided 4 consecutive years of data (11 of your 12 peers).

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

You've improved in almost all areas with the biggest improvements made in:

- **Satisfaction surveying:** You've added a number of activities that are now being surveyed; this includes pension inception, written estimates, purchases, refunds and disability.
- **Call center:** Your undesired outcomes, such as abandoned calls in menu, in queue and on hold, dropped from 6.3% to 5.1%. Also, you now offer your members information regarding their cost to purchase service credit over the phone. Lastly, your call wait time decreased from 86 seconds to 36 seconds.
- **Website:** You have added more functionality to your website, such as the allowing members to now use a service credit calculator and register for presentations.

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



Iowa PERS has consistently provided a high level of service while maintaining low costs relative to its peers.

# Key Takeaways

## Costs

- Your total pension administration cost of \$51 per active member and annuitant was \$45 below the peer average of \$96.
- The primary reasons why is that you have higher total productivity.
- Iowa PERS continues to have the lowest administration cost in its peer group.

## Service

- Your total service score of 84 was above the peer average of 82 in a high scoring peer group. Six of your peers had scores in the top 10 of CEM's global participants.
- Your service score increased from 78 to 84 between 2015 and 2018.