

CEM Pension Administration Benchmarking Analysis

Iowa Public Employees' Retirement System



Key Takeaways:

Cost

- Your total pension administration cost of \$53 per active member and annuitant was \$45 below the peer average of \$98.
- Your total pension administration cost per active member and annuitant increased 1.2% per annum.
- You remain one of the lowest cost systems in the CEM database.

Service

- Your total service score was 80. 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.
- Over the past 8 years your service score remained relatively stable. Improvements were made on your website and newsletters & targeted communication.

72 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
NYC ERS
NYC TRS
NYSLRS
Ohio PERS
Oregon PERS
Pennsylvania PSERS
PERS Nevada
PSRS PEERS of Missouri
South Dakota RS

STRS Ohio
Texas MRS
TRS Illinois
TRS Louisiana
TRS of Texas
Utah RS
Virginia RS
Washington State DRS
Wisconsin DETF

Canada

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

The Netherlands*

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

United Kingdom*

Armed Forces PS
BSA NHS Pensions
BT Pension Scheme
Lothian Pension
Greater Manchester PF
Local Pensions Partnership
Merseyside PF
Pension Protection Fund
Principal Civil Service
Railways Pension Scheme
Royal Mail Pensions
South Yorkshire PF
Teachers' Pensions
Tyne & Wear PF
USS
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.

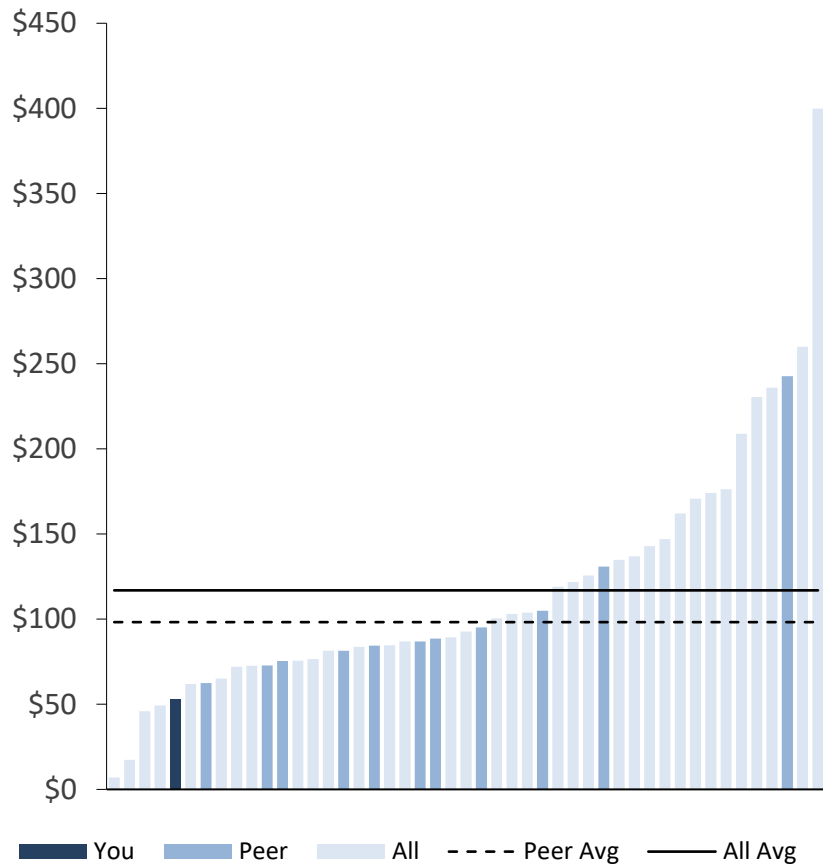
The custom peer group for Iowa PERS consists of the following 12 peers:

Custom Peer Group for Iowa PERS			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuitants	Total
Washington State DRS	330	194	524
Wisconsin DETF	258	209	467
Indiana PRS	252	160	412
STRS Ohio	210	160	370
Arizona SRS	208	155	363
Colorado PERA	242	121	362
Oregon PERS	177	152	329
Illinois MRF	177	132	308
Iowa PERS	172	124	296
PSRS PEERS of Missouri	128	95	223
NYC TRS	129	93	222
TRS Louisiana	92	81	172
Peer Median	192	142	346
Peer Average	198	140	337

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 \$53 per active member and annuitant was \$45 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	1,202	4	13
Member Communication	2,532	9	16
Collections & Data Maintenance	1,607	5	7
<u>Governance and support</u>			
Governance and Financial Control	850	3	8
Major Projects	3,034	10	11
Information Technology	4,611	16	25
Building	757	3	7
Legal	401	1	3
HR, Actuarial, Audit, Other	704	2	9
Total Pension Administration	15,698	53	98

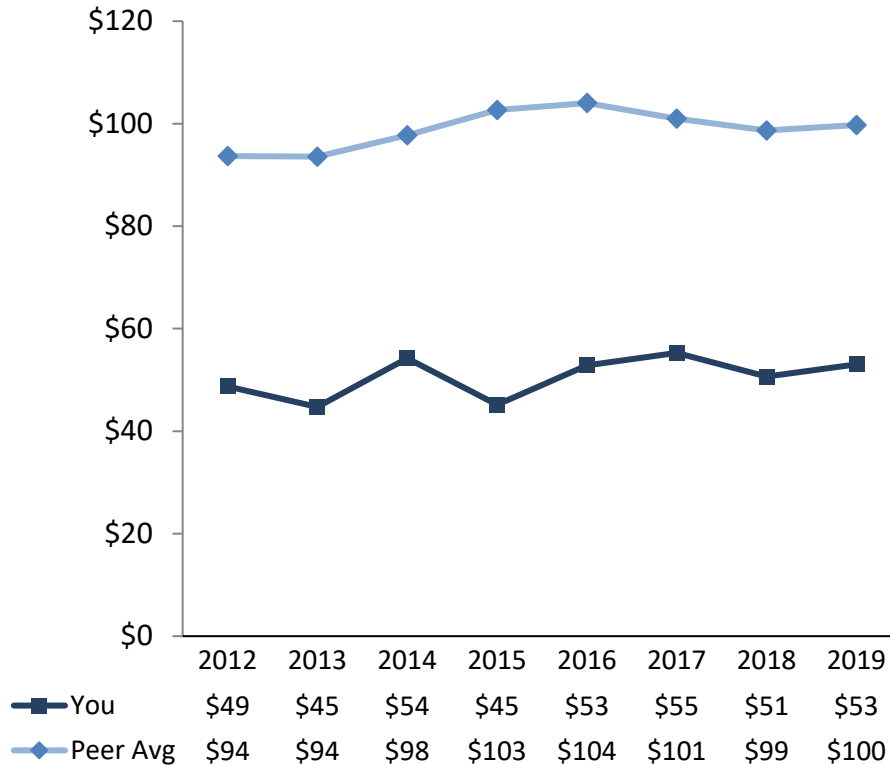
Reasons why your cost per member was \$45 below the peer average:

Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front-office FTE per 10,000 members	1.5 FTE	3.7 FTE	-\$29
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)	\$106,415	\$97,967	
Building and Utilities	\$12,088	\$11,718	
HR	\$2,105	\$3,782	
IT Desktop, Networks, Telecom	<u>\$14,676</u>	<u>\$14,382</u>	
Total	\$135,284	\$127,849	\$4
4 Lower support costs per member ¹			
Governance and Financial Control	\$3	\$9	
Major Projects	\$10	\$11	
IT Strategy, Database, Applications	\$14	\$19	
Actuarial, Legal, Audit, Other	<u>\$4</u>	<u>\$11</u>	
Total	\$31	\$50	-\$20
Total			-\$45

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

Cost Trends

Trend in Total Pension Administration Costs



Between 2012 and 2019:

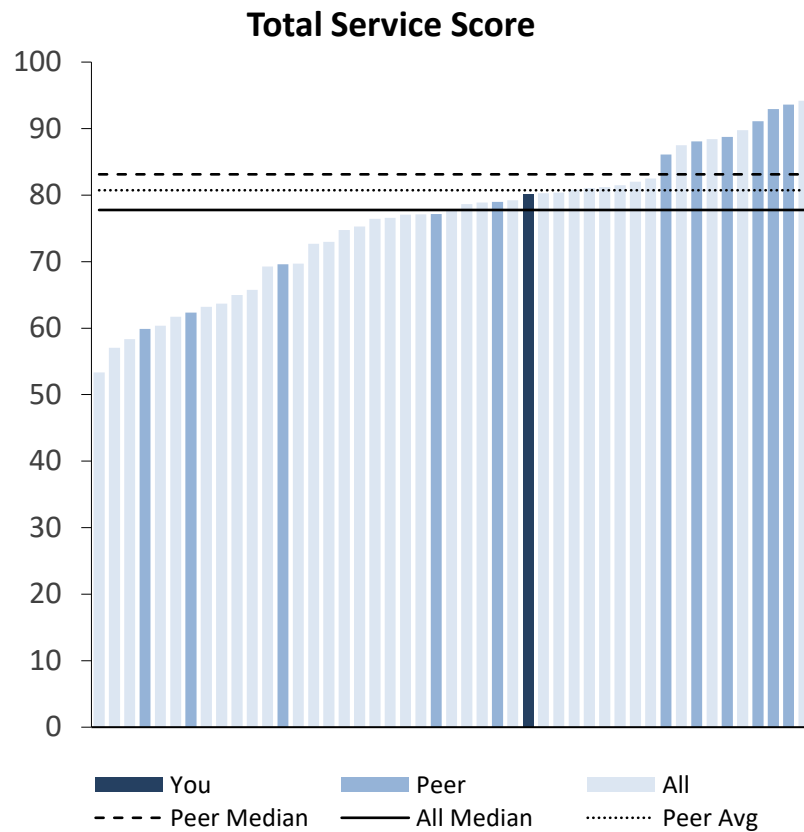
Your total pension administration cost per active member and annuitant increased 1.2% per annum.

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

You remain one of the lowest cost systems in our database.

Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 12 peers).

Your total service score was 80. 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

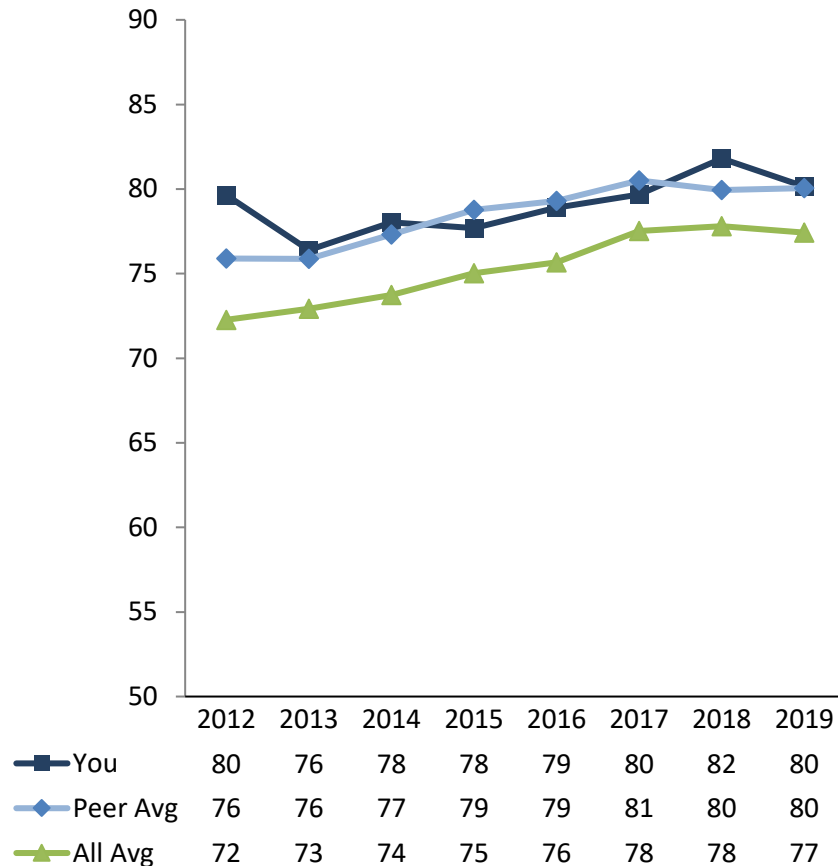
Activity	Weight	Peer			Impact relative to peers
		You	Med	Avg	
1. Member Transactions					
a. Pension Payments	10.0%	100	100	100	0.0
b. Pension Inceptions	7.4%	88	90	82	0.4
c. Refunds & Transfers-out	1.3%	100	95	80	0.3
d. Purchases & Transfers-in	3.1%	92	88	81	0.3
e. Disability	3.8%	90	86	88	0.1
2. Member Communication					
a. Call Center	21.0%	78	77	71	1.5
c. 1-on-1 Counseling	7.4%	97	88	87	0.7
d. Member Presentations	6.5%	49	100	94	-2.9
e. Written Pension Estimates	4.7%	93	93	86	0.3
f. Mass Communication					
• Website	21.3%	76	86	80	-0.9
• News & targeted communication	2.8%	83	81	82	0.0
• Member statements	4.7%	91	88	82	0.4
3. Other					
Customer Experience Surveying	5.0%	25	39	42	-0.9
Disaster Recovery	1.0%	100	98	92	0.1
Weighted Total Service Score	100%	80	83	81	-1.0

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 undesired outcomes (busy signals, messages, hang-ups)	8%	11%
• Average total wait time including time negotiating auto attendants, etc.	37 secs	200 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	15
<u>1-on-1 Counseling and Member Presentations</u>		
• % of your active membership that attended a 1-on-1 counseling session	4.9%	4.9%
• % of your active membership that attended a presentation	1.2%	7.0%
<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	2.3 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	75% Yes

Your total service score stayed relatively stable between 2012 and 2019.

Trends in Total Service Scores



Changes that have 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, downloading or printing a duplicate tax receipt and the option to register for presentations.
- Newsletters: You now offer 4 targeted newsletters to different segments. In 2018 you started sending out personalized letters when members' disability benefits expire.

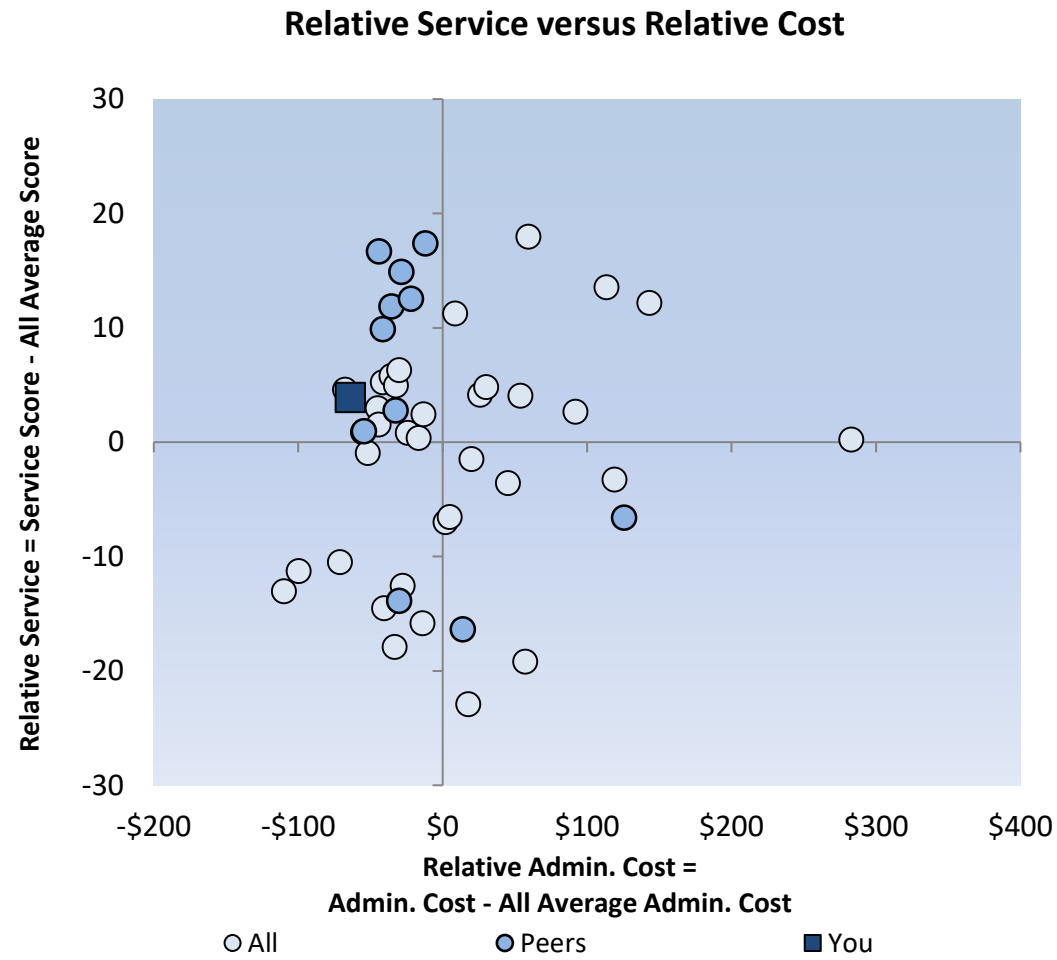
Changes that have had a negative impact:

- Presentations: Your % of attendees as a percent of active members decreased from 2.6% to 1.2%.

Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 12 peers and 35 of our 47 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:



Key Takeaways:

Cost

- Your total pension administration cost of \$53 per active member and annuitant was \$45 below the peer average of \$98.
- Your total pension administration cost per active member and annuitant increased 1.2% per annum.
- You remain one of the lowest cost systems in the CEM database.

Service

- Your total service score was 80. 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.
- Over the past 8 years your service score remained relatively stable. Improvements were made on your website and newsletters & targeted communication.