



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 3

MEETING DATE: November 15, 2023

SUBJECT: 2023 Year in Review and 2024 Strategic Management Plan

SUBMITTED FOR: Consent **Deliberation and Action** **Receive and File**

RECOMMENDATION

Adopt the 2024 Strategic Management Plan.

PURPOSE

This item informs the Board on progress of the Strategic Management Plan.

DISCUSSION

SCERS established the Strategic Management Program in 2018 to measure and guide progress in achieving improvement across the organization. The program is organized around six goals, with operational objectives to be managed within each goal, and specific activities for the year tied to the objectives and goals.

The attached presentation reports the progress against the plan during 2023 and presents upcoming initiatives for 2024.

ATTACHMENTS

- Board Order
- Strategic Management Plan Presentation

Prepared by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
November 15, 2023**

AGENDA ITEM:

2023 Year in Review and 2024 Strategic Management Plan

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to adopt the 2024 Strategic Management Plan.

I HEREBY CERTIFY that the above order was passed and adopted on November 15, 2023 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Strategic Management Plan

PERFORMANCE DASHBOARDS - 2023

November 15, 2023

Strategic Framework





Goal 1

Customer Service and Experience

Customers satisfied with timely, friendly, convenient, and accurate pension administration services.

Objectives

- 1.1 - Deliver quality member and participant service and experience
- 1.2 - Deliver quality employer service and experience



Goal 1

Customer Service and Experience

Key Activities

- Stabilized daily work output during period of change
- Added staffing capacity to benefits team
- Improved processing time for new retirements
- Reinforced communication touchpoints for retirement applicants
- Reduced backlogs in key areas: terminations (refunds), service purchases, establishing reciprocity, and disability retirement



Goal 1

Customer Service and Experience

TARGETS	2023	2022	2021
> 75% of new retirees paid within 45 days of retirement	45% within 45 days Median: 48 days (through 9/30/2023)	21% within 45 days Median: 61 days (through 9/30/2022)	14% within 45 days Median: 67 days (through 9/30/2021)
> 90% of new retirees paid within 60 days of retirement	67% within 60 days (through 9/30/2023)	47% within 60 days (through 9/30/2022)	35% within 60 days (through 9/30/2021)
> 80% Satisfaction of new retirees surveyed	77% monthly average (through 9/30/2023)	73% monthly average (through 9/30/2022)	60% monthly average (through 9/30/2022)

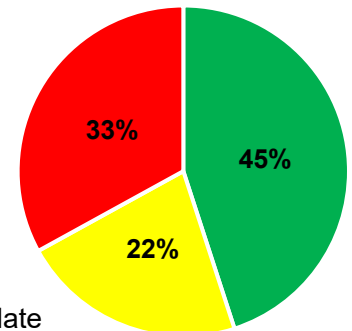
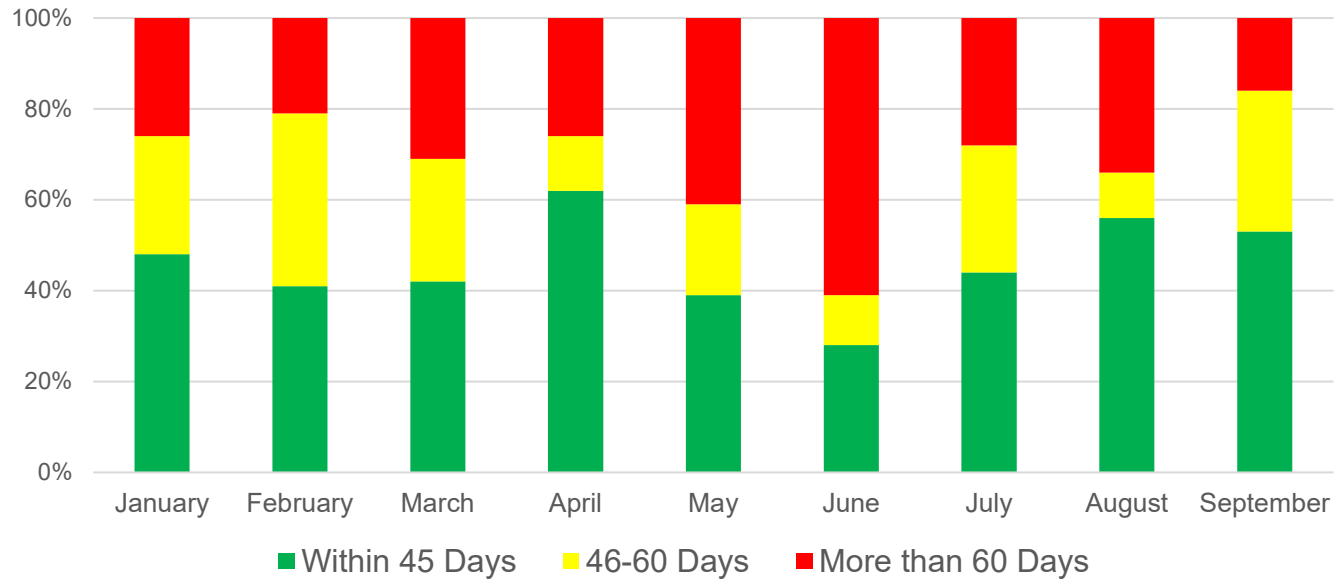
NEW for 2024: Establish baseline service-level targets for other workflows: disability, terminations (refunds), service purchases, reciprocity, deaths



Goal 1

Customer Service and Experience

2023 Retirement Processing Time



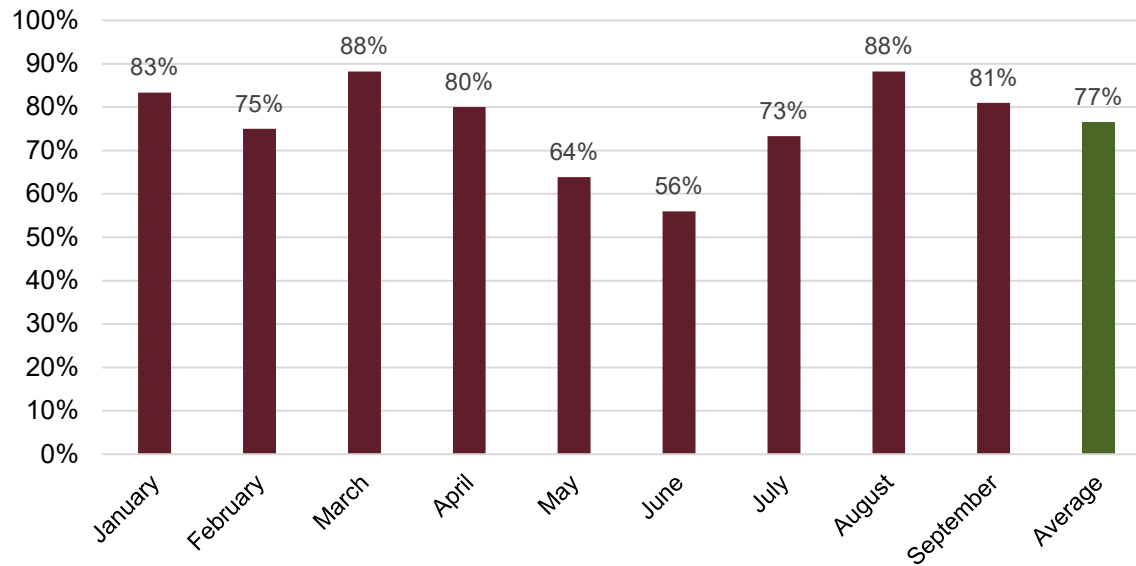
Cumulative, year-to-date



Goal 1

Customer Service and Experience

Overall Experience
% Extremely Satisfied or Satisfied
Target: >80%



2023 Retiree Survey Response Rates



Goal 1

Customer Service and Experience

Next Year

- Roll out new MySCERS portal
- Provide online access to retiree pay advices and 1099s
- Add secure-file upload feature on website for members to transmit forms, documents
- Add self-scheduling tool on website for member appointments
- Develop service-purchase calculator
- Show continuous improvement with retirement application processing, service delivery
- Establish service-level expectations for other workflows
- Improve internal processing with County for personnel transactions related to retirement



Goal 2

Stakeholder Communication and Outreach

Transparent communication among stakeholders to support clear understanding of roles and responsibilities, and the value of defined-benefit pensions.

Objectives

- 2.1 - Promote transparency, fairness, and consistent compliance with laws and regulations
- 2.2 - Communicate timely financial and actuarial information to stakeholders
- 2.3 - Engage and educate members and employers
- 2.4 - Collaborate with peer pension systems and organizations



Goal 2

Stakeholder Communication and Outreach

Key Activities

- Produced timely Annual Statements
- Produced pension planning webinar video
- Expanded pension webinar content
- Distributed 4 quarterly newsletters
- Participated in 10 on-site employer events
- Produced handheld pension calculator slide tool
- Updated member forms for clarity and usability
- Reviewed and updated key Board policies
- Provided SACRS leadership on legislative/policy engagement
- Participated in industry conference panels



Goal 2

Stakeholder Communication and Outreach

TARGETS	2023 OUTCOMES	LAST YEAR
Effectiveness of presentations to members and employers; Satisfaction > 80%	98% “good,” “very good,” or “excellent” 4.2/5 average score (March, June, and September pension planning webinars)	99% “good,” “very good,” or “excellent” 4.2/5 average score (February, April, and August pension planning webinars)
	Employer Forum postponed to 2024	100% “agree” or “strongly agree” 4.6/5 average score (January 2021 Employer Forum)
Increase website page-views by 10% year-over-year	14.7% (through 9/30/2023)	4.3% (through 9/30/2022)
NEW: 50% of retired members registered on new portal	N/A due to project change	



Goal 2

Stakeholder Communication and Outreach

Next Year

- Re-institute Employer Forum (delayed since 2021)
- Implement new email distribution for retiree outreach
- Participate in more on-site employer events
- Develop retirement planning presentation for early- and mid-career employees
- Finalize employer MOUs on roles and responsibilities
- Update Board policies as necessary
- Complete revisions to member forms
- Coordinate Retirement Board elections with Voter Registration and Elections



Goal 3

Funding Integrity and Sustainability

Prudent and effective funding policies and practices that assist in minimizing contribution rate volatility and plan sustainability.

Objectives

- 3.1 - Promote plan sustainability and minimize funding volatility
- 3.2 - Minimize administrative expenses and demonstrate fiscal stewardship
- 3.3 - Promote responsible oversight to ensure accuracy and protect plan assets



Goal 3

Funding Integrity and Sustainability

Key Activities

- Deployed special team to accelerate *Alameda* corrections
- Adopted responsible-growth operating budget for 2023-24
- Secured additional payment from Sac Metro Fire
- Prevailed on all claims in DSA litigation
- Completed Experience Study and adopted actuarial assumptions (retained 6.75% return assumption)
- Extended engagement with Segal as actuary
- Extended engagement with Brown & Armstrong as auditors
- Provided actuarial study re: Sanitation District separation



Goal 3

Funding Integrity and Sustainability

TARGETS	2023 OUTCOMES	LAST YEAR
100% funded	86% funded as of 6/30/2023 (MVA)	87% funded as of 6/30/2022 (MVA)
Maintain operational budget at or below inflation	2% growth 2023-24	9% growth in 2022-23
New: Complete 100% of <i>Alameda</i> pension adjustments for retirees	1,089 of 1,601 completed (68%) *estimated through December 2023	N/A



Goal 3

Funding Integrity and Sustainability

Next Year

- Complete *Alameda* corrections and determine steps for further employer clean-up of payroll reporting
- Propose plan in 2024-25 budget for internal compliance/audit effort to improve oversight of policies and procedures
- Update procedures for disability re-evaluation process
- Add new Budget preview agenda item before final budget presentation/approval
- Participate in Sanitation District separation from County re: apportioning pension liabilities



Goal 4

Investment Planning and Growth

An investment program that meets SCERS' assumed rate of return over time and carefully manages investment risks.

Objectives

- 4.1 - Manage a diverse investment portfolio
- 4.2 - Ensure liquidity sufficient to fund benefit payments and operations
- 4.3 - Leverage external experts to maximize investment guidance and results
- 4.4 - Ensure effective oversight of investment program



Goal 4

Investment Planning and Growth

Key Activities

- Maintained responsible pacing for new investment opportunities
- Completed implementation of Portfolio Analytics and Risk Management software
- Conducted 1st fiduciary health check on private market investment contracts
- Created ad hoc committee to improve Board reporting on investment activity
- Presented Board education items in key areas, including ESG and fiduciary duties



Goal 4

Investment Planning and Growth

TARGETS	OUTCOMES	LAST YEAR
Meet or exceed actuarial assumed rate of return over 3-, 5-, 10-year periods (net of fees)	3 years: 9.4% vs 6.75% 5 years: 7.5% vs 6.75% 10 years: 7.8% vs 6.75% (as of 6/30/2023)	3 years: 8.2% vs 6.75% 5 years: 8.4% vs 6.75% 10 years: 8.4% vs 6.75% (as of 6/30/2022)
Meet or exceed benchmarks, over 3-, 5-, 10-years (net of fees)	3 years: 9.4% vs 8.5% 5 years: 7.5% vs 6.7% 10 years: 7.8% vs 7.3% (as of 6/30/2023)	3 years: 8.2% vs 6.8% 5 years: 8.4% vs 7.0% 10 years: 8.4% vs 7.7% (as of 6/30/2022)
Rank in the top half of a competitive, after-fee peer universe over 3-, 5-, 10-year periods (net of fees)	3 years: Top 26th percentile 5 years: Top 16th percentile 10 years: Top 26th percentile (InvMetrics Public DB > \$1B Gross Median)	3 years: Top 23rd percentile 5 years: Top 15th percentile 10 years: Top 35th percentile (InvMetrics Public DB > \$1B Gross Median)
Maintain responsible pacing of new investment commitments in line with Investment Annual Plan	Percent of investment plan fulfilled: Private Equity: 84% Private Credit: 61% Real Assets: 87% Real Estate: 0% Overall: 70% (as committed through 9/30/23 and planned through 12/31/2023)	Percent of investment plan fulfilled: Private Equity: 93% Private Credit: 77% Real Assets: 50% Real Estate: 36% Overall: 66%



Goal 4

Investment Planning and Growth

Next Year

- Present new Annual Investment Operations Report
- Conduct Asset Liability Management study
- Board education sessions to review asset classes (earlier meeting time)
- Maintain pacing plan for new investment opportunities
- Update Cash Management Policy
- Provide update on securities litigation policy and activity
- Provide board education on performance attribution and reporting
- Conduct review of private market fees/expenses



Goal 5

Organizational Development and Culture

A high-performance organizational structure and workforce that is not dependent on any one person.

Objectives

- 5.1 - Organize to promote accountability and career progression
- 5.2 - Strengthen workforce with the capacity and skills needed to fulfill SCERS' mission
- 5.3 - Build on a supportive work environment and culture
- 5.4 - Promote strong Board-Staff partnership



Goal 5

Organizational Development and Culture

Key Activities

- Maintained aggressive hiring pace to fill vacancies
- Launched Telework 2.0
- Developed on-the-job training program for supervisors and staff
- Retained consultant to further develop job guides and identify process improvements
- Implemented training program for “soft skills”
- Held 2nd annual staff picnic, social events
- Held special meeting on Board-Staff roles and responsibilities
- Onboarded new trustees



Goal 5

Organizational Development and Culture

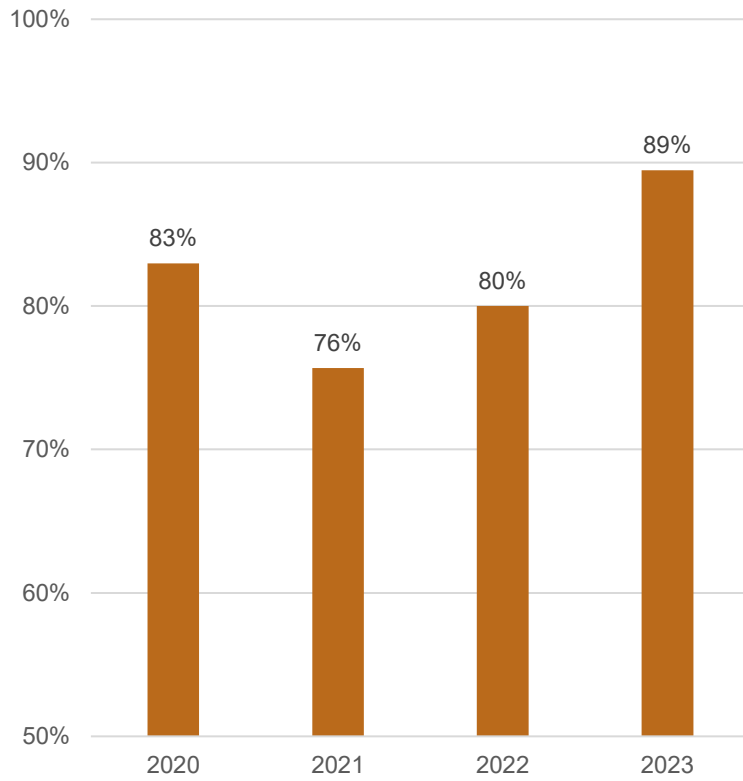
TARGETS	2023 OUTCOMES	LAST YEAR
Staff vacancy rate <10%	26% vacancy (56 filled out of 76, as of 10/31/2023)	23% vacancy (47 filled out of 63, as of 10/31/2022)
>95% of annual performance evaluations completed on time	45% on time; 94% completed within 1-month of due date	N/A due to change in business process
Overall satisfaction of employees surveyed > 80% (annual survey)	89%	80% (76% in 2021)
Conduct at least one Board educational presentation a quarter	7 Board education sessions conducted (planned through 12/31/2023)	5 Board education sessions conducted



Goal 5

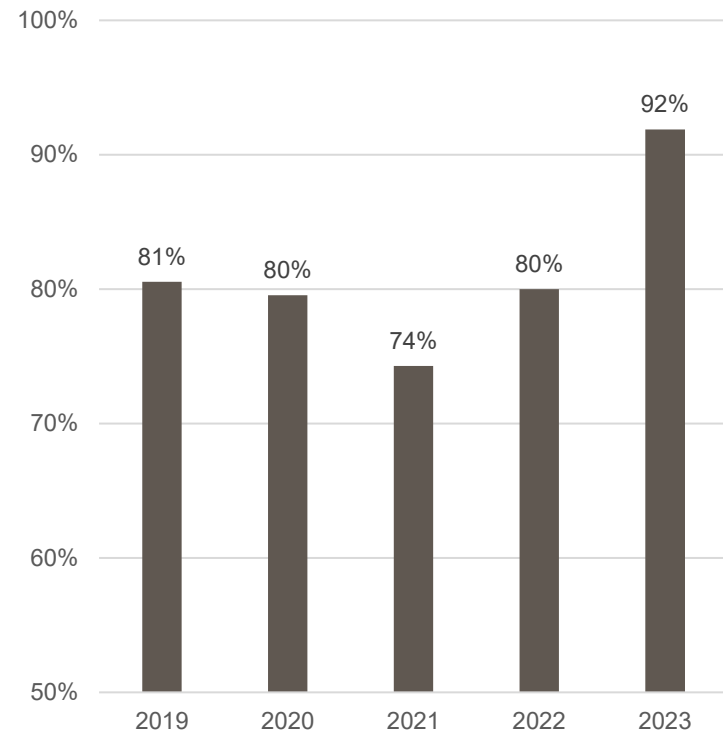
Organizational Development and Culture

Overall Job Satisfaction



■ Overall, how satisfied are you as an employee of SCERS? (1-7)
% satisfied

Likely to Recommend Working Here



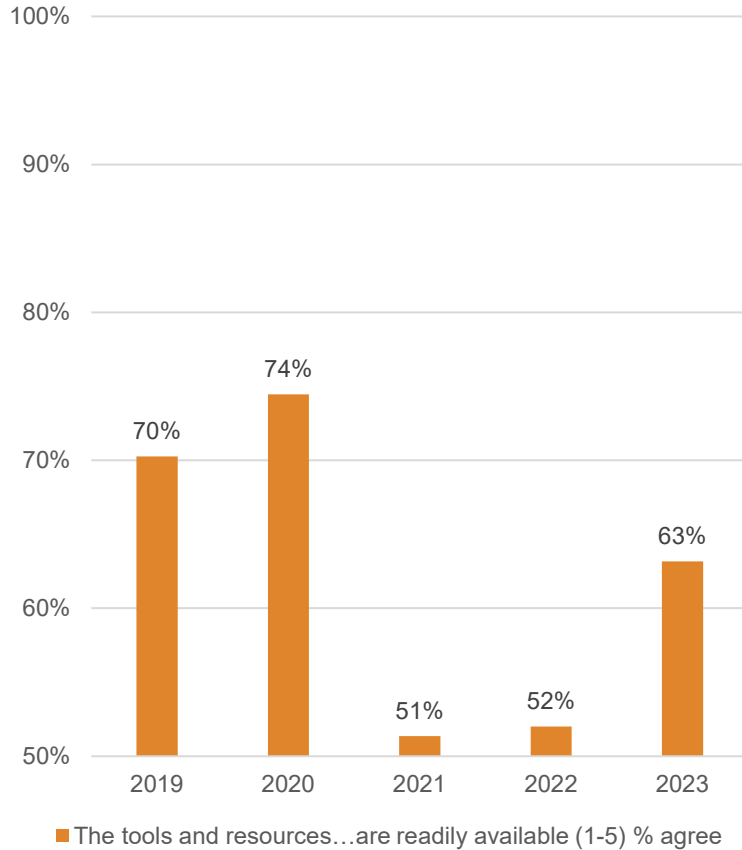
■ Likely to recommend SCERS to others as a place to work (1-5)
% likely



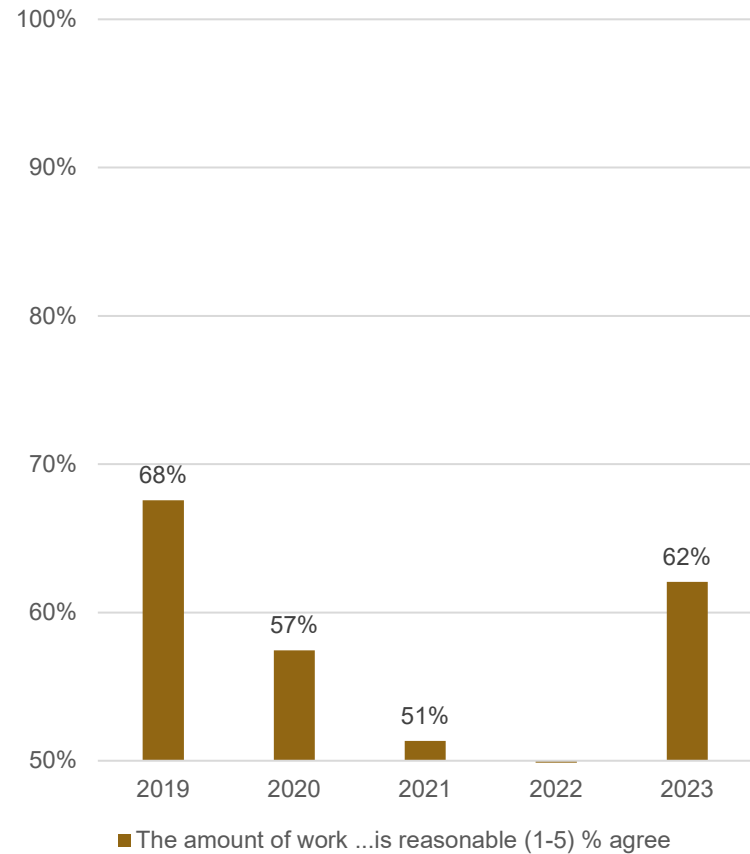
Goal 5

Organizational Development and Culture

Tools and Resources



Reasonable Workload





Goal 5

Organizational Development and Culture

Next Year

- Maintain hiring pace for newly budgeted positions
- Build out procedure manuals, training guides to help onboard new employees
- Engage consultant for Compensation Study for SCERS-specific civil service classes
- Maximize office space; add additional workstations to support larger staff, more flexible telework options
- Continue support for staff Social Committee events



Goal 6

Enterprise Capability and Technology

Enterprise capabilities and technology platforms that are continuously enhanced to improve performance, productivity, and efficiency.

Objectives

6.1 - Leverage technology and creative solutions to enhance enterprise performance

6.2 - Implement continuous improvements to business processes

6.3 - Manage strategically with performance-based decision making

6.4 - Ensure the continuity and security of benefit payments and service delivery



Goal 6

Enterprise Capability and Technology

Key Activities

- Restored, stabilized legacy systems and operations
- Enhanced workflow tracking and evaluated new workflow management tools
- Implemented disaster planning tool; emergency notification alerts
- Rolled out internal IT service ticket process
- Added CTO position and presented new Technology Roadmap
- Established SCERS Steering Committee to coordinate technology initiatives



Goal 6

Enterprise Capability and Technology

Next Year

- Propose detailed project plan for technology investments for near- and medium-term
- Finalize updated procedure manuals and documentation
- Finalize baseline dashboards for benefit delivery areas
- Implement advanced workflow tracking tools
- Change website to scers.gov
- Participate in CEM benchmarking survey
- Retain consultant to engage Board and staff on new, long-term strategic plan - "Vision 2041"