

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

STRATEGIC

MANAGEMENT

ANNUAL REPORT

July 2019



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Introduction

The 2019-20 Strategic Management Plan lays out a set of initiatives that advance us toward our strategic goals. This is our second annual Strategic Management Plan and coincides with a pivotal time in our multi-year IT Modernization program. In the coming year, we will begin to benefit from new technical platforms in the areas of benefits administration, investment accounting, and internet websites for use by the public, SCERS participants, and our staff.

Key Accomplishments from 2018-19 Strategic Management Plan

1. Integrated strategic planning into our daily management activities
2. Initiated data-driven performance management across the enterprise leading to significant reduction in retirement application processing time
3. Re-started publication of a periodic SCERS newsletter
4. Adjusted asset category exposures and finalized Investment Policy Statements (IPSs)
5. Updated 14 key policies strengthening our governance structure and improving compliance to laws and regulations
6. Made organization improvements resulting in a lower vacancy rate and reduced overtime

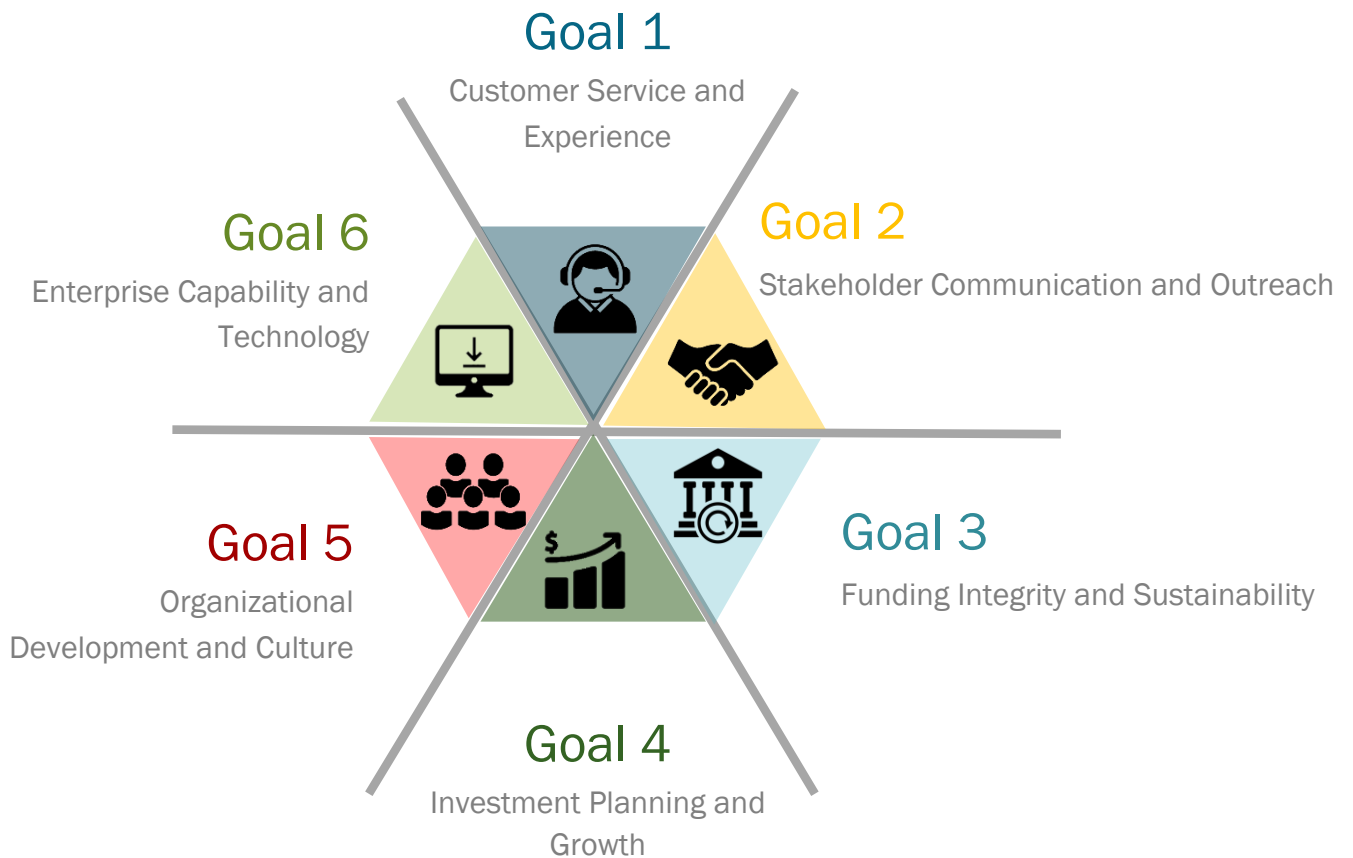
Refer to the Appendix for performance metrics on these accomplishments.

Key Initiatives for 2019-20

1. Initiate a member engagement program
2. Restructure employer services to improve engagement and governance
3. Implement paperless processes for benefits applications
4. Review actuarial assumptions based on experience
5. Expand use of performance metrics and implement a web-based performance dashboard
6. Review and improve cash management policies and practices

Strategic Framework

The SCERS Strategic Management Program revolves around six goals. In this report, specific long-term objectives further define each goal that helps guide the annual management planning process.





Goal 1: Customer Service and Experience

Enhance the services provided to all SCERS' customers to improve efficiency, effectiveness, and accountability.

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

2018-19 Key Accomplishments

- ✓ Significantly reduced retirement application processing times relative to prior year
- ✓ Simplified retirement application package
- ✓ Simplified direct deposit form, conducted outreach program, and increased direct deposit participation

2019-20 Key Initiatives

- Develop and initiate a customer satisfaction survey
- Evaluate business case for satellite office/ customer service center
- Develop an employer handbook
- Develop disability retirement guide



Goal 2: Stakeholder Communication and Outreach

Maintain transparent communication among stakeholders and promote understanding of roles and responsibilities.

- 2.1: Promote transparency, fairness, and 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
-

2018-19 Key Accomplishments

- ✓ Implemented Policy Management program and reviewed/refreshed 14 key Board policies
- ✓ Initiated publication of agenda and materials on SCERS.org website in advance of Board meetings
- ✓ Initiated regular publication of member newsletter
- ✓ Conducted employer forum to become annual event and visited all special district employers

2019-20 Key Initiatives

- Develop and initiate a member engagement program
- Establish a knowledge repository for governance documents
- Complete review/refresh of Board policies
- Actively participate in industry groups



Goal 3: Funding Integrity and Sustainability

Maintain prudent and effective funding policies and practices that assist in producing low contribution rate volatility and plan sustainability.

- 3.1: Minimize funding volatility
 - 3.2: Promote plan sustainability
 - 3.3: Minimize administrative expenses and demonstrate fiscal stewardship
 - 3.4: Promote responsible oversight to ensure accuracy and protect plan assets
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2018-19 Key Accomplishments

- ✓ Implemented funding agreement with Sacramento Metropolitan Fire District
- ✓ Analyzed contribution rate volatility and funding sensitivity
- ✓ Re-baselined operating budget

2019-20 Key Initiatives

- Perform triennial analysis of actuarial assumptions
- Review withdrawn employer liabilities
- Develop employer compliance program to be implemented in FY 2020-21



Goal 4: Investment Planning and Growth

Maintain an investment program that targets performance that meets SCERS' assumed rate of return over time and which mitigates and carefully manages investment risks, including market volatility.

- 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
-

2018-19 Key Accomplishments

- ✓ Adjusted market exposures of asset categories to align with the strategic asset allocation
- ✓ Finalized IPSs by asset category
- ✓ Engaged manager for 130/30 strategy
- ✓ Conducted liquidity analysis and approved 1% cash allocation

2019-20 Key Initiatives

- Evaluate currency exposure and hedging strategies
- Develop and implement co-investment and secondary-sales protocols
- Develop and implement a cash management policy
- Evaluate needs for additional investment resources and systems to more effectively oversee, monitor, and administer SCERS' assets



Goal 5: Organizational Development and Culture

Maintain a high-performance organizational structure and workforce.

- 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

2018-19 Key Accomplishments

- ✓ Hired key positions and reduced vacancies
 - General Counsel
 - Chief Benefits Officer
 - Deputy Chief Investment Officer
 - Senior Accounting Manager
 - Communication/ Media Officer II
 - Human Resource Analyst
- ✓ Significantly reduced overtime
- ✓ Secured Board of Supervisors approval of SCERS executive pay plan

2019-20 Key Initiatives

- Develop improved Benefits career paths; conduct classification study
- Create Sr. Investment Officer classification
- Develop standardized training plans and conduct training
- Implement measures of employee job satisfaction



Goal 6: Enterprise Capability and Technology

Maintain and enhance enterprise cross-functional capabilities. Continuously refresh SCERS technology platforms to improve performance, productivity, and efficiency.

- 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 of benefit payments and service delivery

2018-19 Key Accomplishments

- ✓ Developed and implemented Strategic Management Program with integrated Performance Management and Risk Management
- ✓ Completed Ariel Fit-Gap Phase with 97% fit
- ✓ Restructured Ariel implementation from “big bang” to phased approach and delivered Phase 1 customer service system
- ✓ Delivered modernized SCERS.org website
- ✓ Completed Investment Accounting System business case analysis, issued RFP, and selected private market services vendor

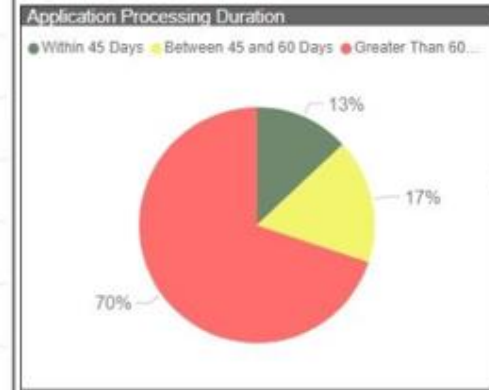
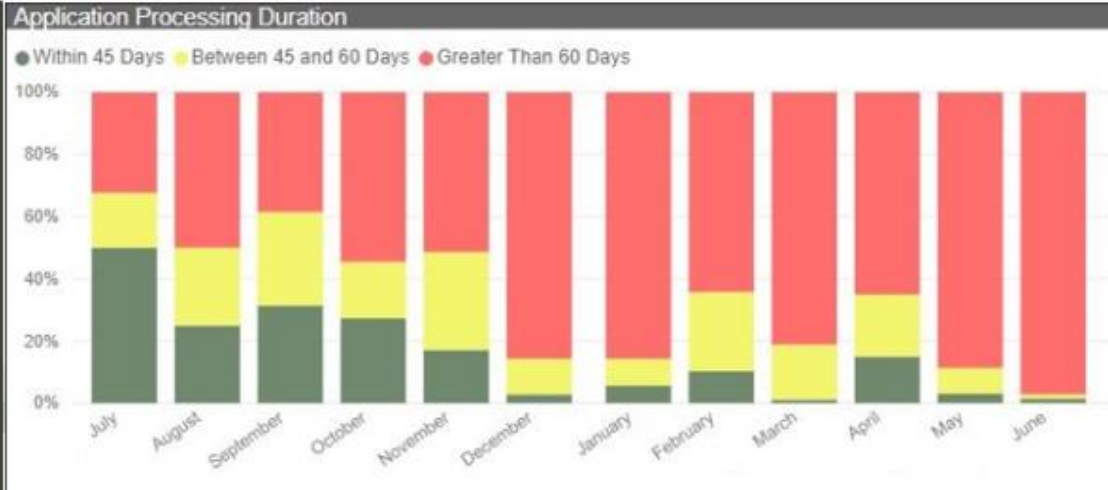
2019-20 Key Initiatives

- Establish paperless benefits processing to improve privacy, security, and business continuity for membership data
- Incorporate electronic signatures into key forms
- Establish SCERS intranet as primary knowledge repository
- Expand performance measures and develop SCERS performance dashboard
- Develop, implement, and test Business Continuity/Disaster Recovery Plan

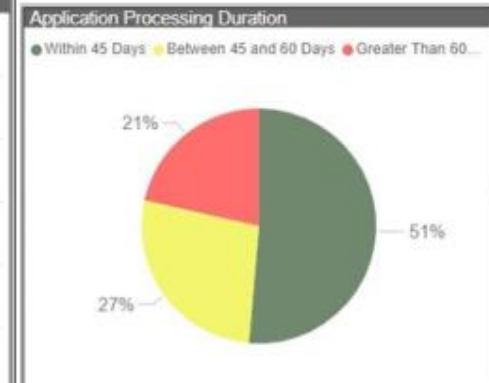
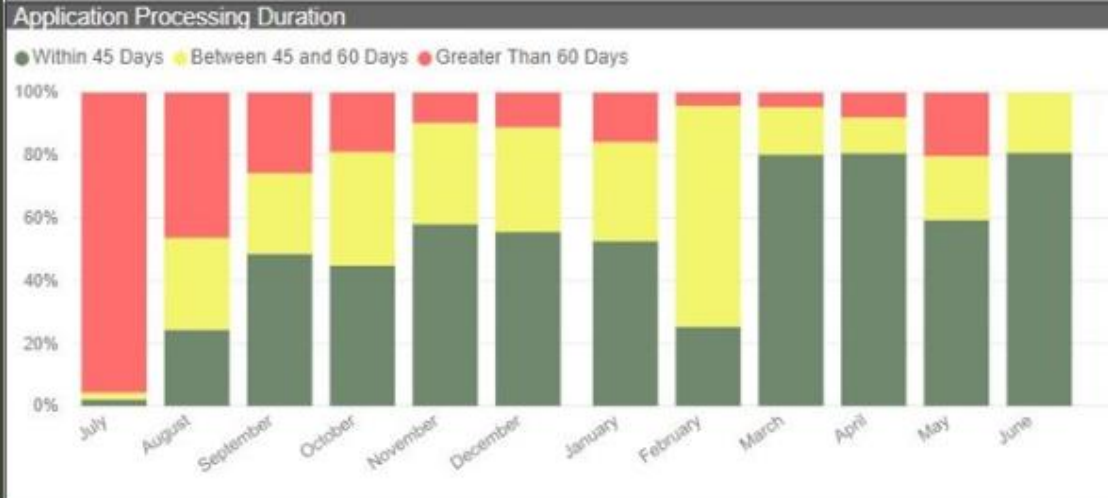
Appendix

Service Retirements Completed

FY 2017-18

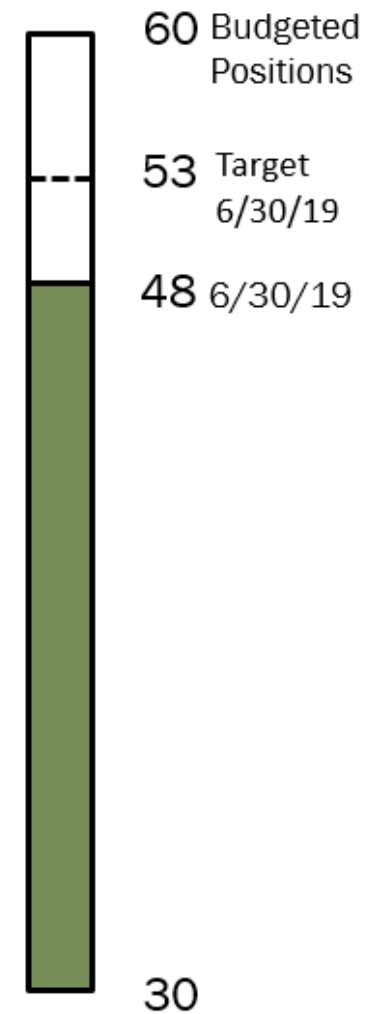


FY 2018-19



Organizational Development Dashboard

As Of	Employees	Vacancy Rate
6/30/18	45	25%
9/30/18	47	22%
12/31/18	49	18%
3/31/19	45	25%
6/30/19	48	20%



SCERS Overtime Hours by Month

