



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 9

MEETING DATE: August 18, 2021

SUBJECT: Pension Administration System Quarterly Review

SUBMITTED FOR: ___ Consent Deliberation and Action X Receive and File

RECOMMENDATION

Staff recommends the Board receive and file the Pension Administration System Quarterly Review.

PURPOSE

This item supports the Strategic Management Plan goal to improve performance, productivity, and efficiency through SCERS' technology platforms, by contributing to effective management and oversight of those efforts.

DISCUSSION

Please note, effective May 17, 2021, Morneau Shepell changed its name to LifeWorks.

The Pension Administration System (PAS) project included three major deployment phases.

Phase 1

Phase 1 went live for use by the Benefits staff on July 1, 2019. Phase 1 provided a paperless work management environment with integrated electronic documents (FileNet) and management metrics for most Benefits customer service processes. SCERS benefits from enhanced system security and greatly improved disaster recovery and business continuity capabilities for the Benefits area.

Phase 2

Phase 2 replaced the MBASE active member system in November 2020. It was planned to provide a self-service web portal for active and retired participants, eliminate manual calculation of most service retirement benefits, and provide automation of correspondence and email notifications along with many additional features. During the final testing and go-live for Phase 2,

it was determined that, while the overall reconciliation of member accounts at the total membership level was correct, discrepancies existed at the individual member account level when comparing MBASE vs. Ariel data using actuarial extract reports for the period ending June 30, 2020. This data was mostly related to members with divorce, reciprocity, or service purchase transactions for which MBASE has only minimal data. Upon consideration, the joint project team felt that the data could be corrected successfully post-go-live.

Following the November 2, 2020 go-live, it was also found that retirement applications in process during the transition would require re-entry and correction. A work-around process was identified to ensure retirees in process received their initial payments with minimal delay. The backlog of initial, transitional cases has been completed with support from LifeWorks staff.

However, additional remediation on data clean-up and system trouble-shooting has challenged the ongoing retirement-application process, particularly as the volume of retirement applications increased in early 2021 during the annual “busy season,” resulting in longer-than-normal backlogs. These backlogs have improved, but still have not returned to prior levels within the target range for payment processing.

SCERS does not yet consider the Phase 2 implementation to be fully successful and is working with contractors to complete remedial actions, which has resulted in SCERS withholding a “holdback” payment of \$500,000 (approximately 5% of the contract).

Major areas of functionality that are still pending sign-off from SCERS as of the end of July include the following:

- Member portal, providing online access to member account information, has not been deployed.
- The ability to pay new retirees on estimates, to be adjusted when final wage data is received, has not been deployed.
- Individual member record data discrepancies, while improved, remain.

Phase 3

Phase 3 was scheduled to go live in October 2021 to replace the COMPASS benefit payment system and automate most benefit administration financial transactions with a direct interface to the county’s COMPASS financial system. Earlier this month, SCERS and the project team determined it was prudent to move the Phase 3 launch until early 2022 to conduct more thorough testing, provide additional training to Staff, and further mitigate risk of payment disruption to benefit recipients.

This schedule change also means that the final delivery of additional complex workflows and reports are likely to shift into mid-2022.

At this time, the schedule change is not expected to impact the project budget for the LifeWorks development and software costs. However, additional costs will be incurred to expand the scope

of consulting and project management services that are coordinated by Linea Solutions. These costs are addressed in a separate agenda item.

Staff, along with LifeWorks and Linea, are currently performing user-acceptance testing (UAT) for Phase 3. In order to ensure that the system is able to provide the expected functionality in Phase 3, SCERS is utilizing Linea Solutions' experience to bolster SCERS staff's testing abilities. Linea Solutions has worked with SCERS staff to identify dozens of test scenarios to include in this UAT in addition to the approximately 100 test scenarios developed by LifeWorks.

PROJECT COST SUMMARY

The following table provides detail of project spending through June 30, 2021:

Pension Administration System (PAS)	Paid Through June 2021	Not to Exceed Amount	Amount Remaining	% Remaining
LifeWorks Implementation Services	\$8,733,974	\$12,504,281	\$4,285,768	30%
Linea Project Oversight and Analysis	\$3,139,988	\$3,600,000*	\$460,012	13%
ICON Data Conversion Services	\$1,448,043	\$1,504,586	\$56,543	4%
Total	\$13,322,005	\$17,608,867	\$4,802,323	27%

*Includes April 2021 Board-approved increase to contract maximum.

ATTACHMENTS

- Board Order

Prepared by:

/S/

John Lindley
Sr. IT Analyst

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
August 18, 2021**

MOTION:

SCERS Pension Administration System Quarterly Report

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the SCERS Pension Administration System Quarterly Review.

I HEREBY CERTIFY that the above order was passed and adopted on August 18, 2021 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Richard B. Fowler II
Board President

Eric Stern
Chief Executive Officer and
Board Secretary