

BenchmarkAdmin

2018 Benchmarking Analysis for Los Angeles Fire and Police Pensions

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The benefits to benchmarking your administration costs and service:

1. Measure and manage your performance
 - Identify what is important
 - Monitor progress using an independent benchmark
 - Serves as a catalyst for change
2. Communicate to stake-holders
 - Demonstrate success and achievements to governing bodies
 - Identify service gaps to support resource requests
3. Focus on your customer service levels
 - Learn what others are doing that you are not
 - Gain best practice insights into key areas

79 leading global pension systems participate in the benchmarking service.

Participants

United States

Arizona SRS
CalPERS
CalSTRS
City of Austin ERS
Colorado PERA
Delaware PERS
ER of Fairfax County
Fairfax County RS
Florida RS
Fort Worth ERF
Idaho PERS
Illinois MRF
Indiana PRS
Iowa PERS
Kansas PERS
LACERA
LACERS
LAFPP
Michigan ORS
Milwaukee County
North Carolina RS
NYC BERS
NYC ERS
NYC PPF
NYC TRS
NYSLRS
Ohio PERS
Oregon PERS
Orange County ERS
Pennsylvania PSERS
Sacramento County ERS
San Bernardino CERA
San Diego City ERS
Sonoma County ERA
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

Canada

Alberta Pension Services
Alberta Teachers' RF
BC Pension Corporation
Canadian Forces Pension Plans
FPSPP
Local Authorities (Alberta)
OMERS
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP
Retraite Quebec
SHEPP

United Kingdom

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

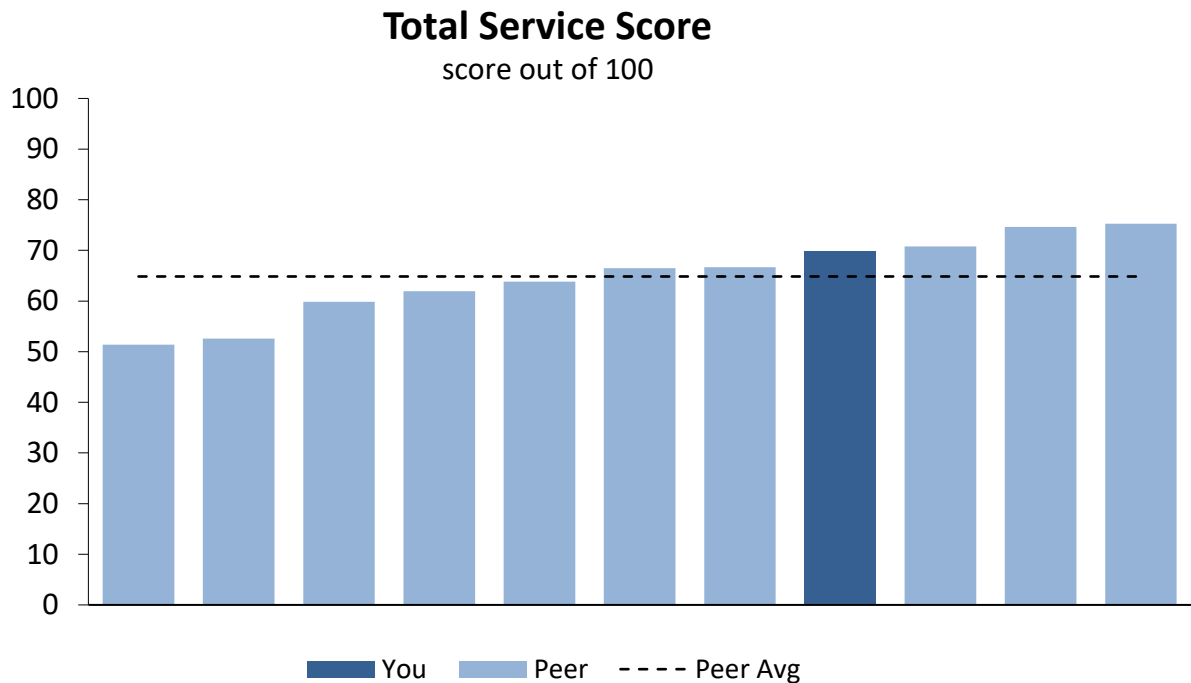
The Netherlands

ABN Amro Pensioenfond
ABP
bpfBOUW
Pensioenfond Metaal en Techniek
Pensioenfond Vervoer
Philips Pensioenfond
PFZW
Spoorwegpensioenfond
SPOV
Rabobank Pensioenfond
Shell Pensioenfond

Your peer group consists of the following 11 participants:

Peers	Membership		
	Actives Members	Annuitant	Total
Sonoma County ERA	4,110	4,936	9,046
Fort Worth ERF	6,597	4,391	10,988
Milwaukee County	3,502	8,037	11,539
City of Austin ERS	9,612	6,225	15,837
San Diego City ERS	7,913	9,537	17,450
Sacramento County ERS	12,677	11,883	24,560
LAFPP	13,442	12,890	26,332
Fairfax County RS	18,253	11,462	29,715
ER of Fairfax County	21,841	11,729	33,570
San Bernardino CERA	21,465	12,716	34,181
Orange County ERS	21,746	16,369	38,115
Peer Average	12,833	10,016	22,848

Your total service score was 70 out of 100. This was above the peer average of 65.



Service is defined as 'Anything a member would like, before considering costs'. Generally speaking this means faster is better, and more services and more availability is better. The Total Service Score is a weighted average of the service scores for each activity. The following pages provide an overview of the key service measure included in your Service Score.

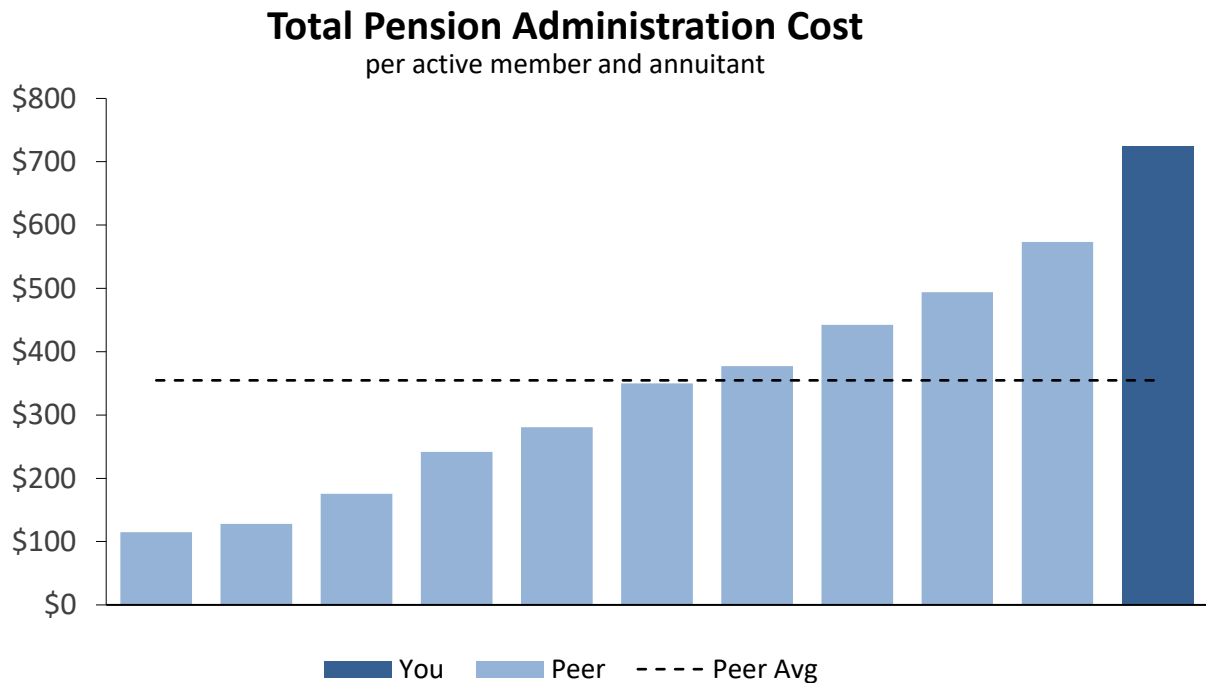
The total service score is the weighted average of the activity level service scores.

Service Scores by Activity			
Activity	You	Peer Average	Weights
Paying Pensions	100	100	20.0%
Pension Inceptions	95	41	7.0%
Benefit Estimates	69	56	5.0%
1-on-1 Counseling	100	100	7.0%
Presentations	98	90	6.0%
Member Contacts	30	40	21.0%
Website	77	65	11.0%
News and Targeted Communication	84	59	4.0%
Member Statements	83	68	6.0%
Disability	0	31	4.0%
Red Tape	60	54	4.0%
Satisfaction Surveying	28	24	5.0%
Total Service Score	70	65	100.0%
Total Service Score - Median		66	

Examples of key service measures included in your Service Score:

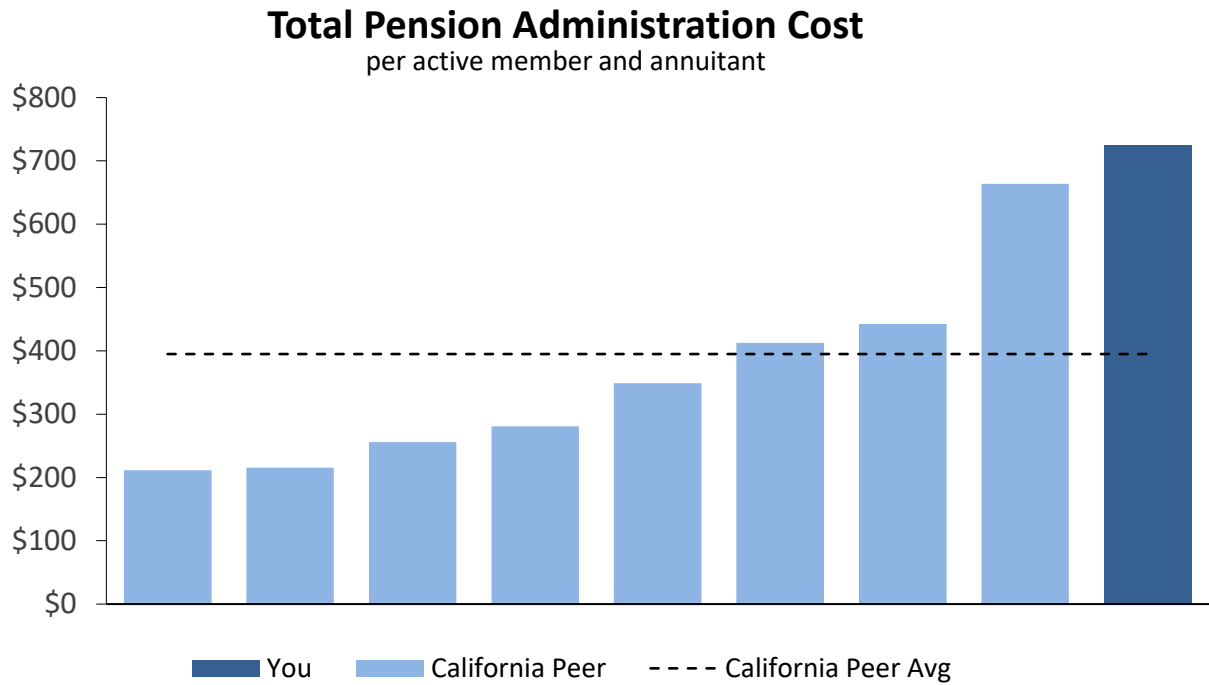
Select Key Service Metrics	You	Peer Avg
Member Contacts		
• Average total wait time including time negotiating auto attendants, etc.	n/a	42 secs
• % of calls abandoned while in queue, on hold or in menu?	Unknown	4%
• How many hours per week can members call service representatives?	48.0	43.0
Website		
• Can members access their own data in a secure environment?	Yes	91% Yes
• Do you have an online calculator linked to member data?	Yes	91% 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	8
Member Statements		
• How current is the data in member statements when mailed?	2.0 mnths	1.9 mnths
• Do statements provide an estimate of the future pension entitlement?	Yes	55% Yes
Pension Inceptions		
• 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?	96%	47%
1-on-1 counseling		
• % of your active membership that attended a 1-on-1 counseling session	18.4%	11.7%

Your pension administration cost was \$724 per active member and annuitant. This was \$372 above the peer average of \$352.



Your cost per member calculation is based on total pension administration cost of \$19.1 million. Included in your total cost are IT modernization costs of \$1.2 million for FY2018. The 5-year IT modernization project commenced in FY2016 and the last phase will be implemented by FY2020.

California systems tend to be higher cost.



Your total pension administration cost of \$724 compared to an average of \$395 for all the California systems in the CEM database.

California Systems

- CalPERS
- CalSTRS
- LACERA
- LAFPP
- Orange County ERS
- Sacramento County ERS
- San Bernardino CERA
- San Diego City ERS
- Sonoma County ERA

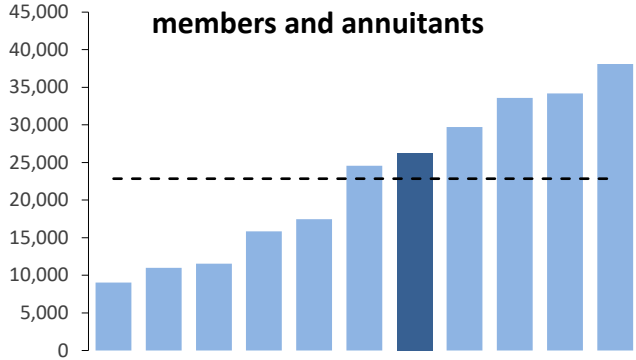
Reasons why your total cost was \$372 higher than the peer average:

Reason	Comparison			Impact \$s per member
	You	Peer average	More/ Less	
	<u>FTE per 10,000 members</u>			
A. Using 122% more FTE to serve members	36.6	16.5	122%	\$250
B. Paying more in total per FTE for:	<u>Cost per FTE</u>			
• Salaries & benefits*	\$138,611	\$118,983	16%	
• Building expenses	<u>\$10,007</u>	<u>\$8,744</u>	14%	
	\$148,618	\$127,727	16%	\$76
C. Paying more per member in total for:	<u>\$s per member</u>			
• Professional Fees	\$125	\$76	65%	
• Amortization	\$10	\$20	-51%	
• Charges from sister organizations	\$23	\$5	379%	
• Other administration expenses	<u>\$23</u>	<u>\$34</u>	-32%	
	\$181	\$134	34%	\$46
Total				\$372

* The retirement contribution of \$27,503 per FTE for fiscal year 2018 is included in your salaries & benefits.

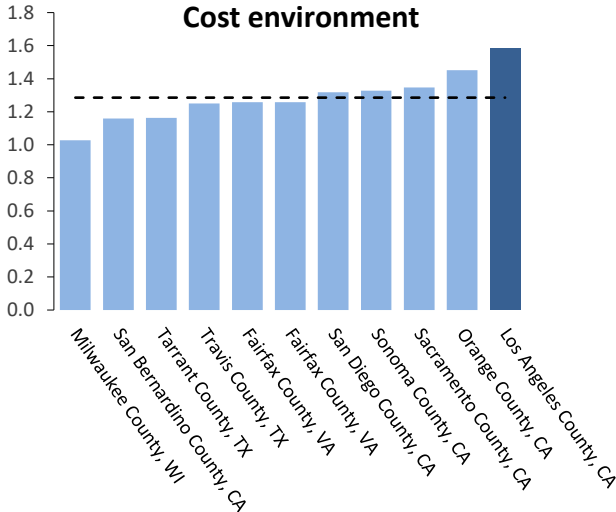
Differences in costs can also be attributed to factors such as economies of scale, cost environment, and differences in transaction volumes.

Economies of scale: total active members and annuitants



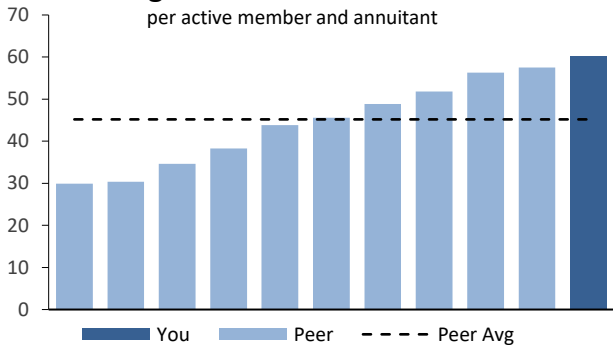
Research suggests that for every tenfold increase in size, administrative costs fall by \$40 per member. This suggests that you have a \$2.47 per member advantage relative to the peer average.

Cost environment



Your cost environment was 23% higher than the peer average.

Weighted transaction volume per active member and annuitant



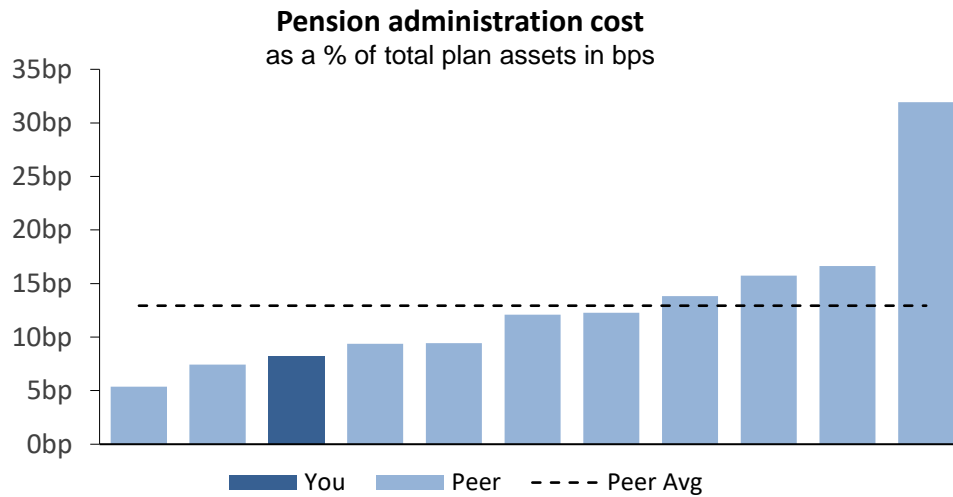
Workloads: your weighted transaction volume was 60, which was 33% above the peer average. This suggests that you do more transactions and/or have a more costly mix of transactions per active member and annuitant. The next page shows you where you are doing more or less transactions in comparison with your peers.

Where are you doing more/fewer transactions than your peers?

Where are you doing more/fewer transactions than your peers?					
Activity	Activity volume description	Your Volume	Volume per 1,000 active members and annuitants		
			You	Peer Avg	More/-less
1. Member Transactions					
A. Pension Payments	annuitants	12,890	489.5	462.8	6%
B. Pension Inceptions	service & survivor inceptions	905	34.4	28.1	22%
C. Withdrawals	withdrawals	95	3.6	15.6	-77%
D. Purchases	purchases	1,435	54.5	18.3	199%
E. Disability	disability applications	18	0.7	1.4	-51%
2. Member Communication					
A. Member Calls	calls & emails	65,900	2,502.7	1,595.6	57%
B. Mail Room	incoming letters	15,909	604.2	450.5	34%
C. Pension Estimates	written estimates	159	6.0	94.3	-94%
D. 1-on-1 Counseling	counseling sessions	2,473	93.9	63.0	49%
E. Presentations	presentations	87	3.3	2.4	37%
F. Mass Communication	active members	13,442	510.5	537.2	-5%
3. Collections and Data Maintenance					
A. Employer data	active members	13,442	510.5	537.2	-5%
B. Non-employer data	annuitants, inactive members	12,940	491.4	568.3	-14%
Weighted Total¹			60.2	45.2	33%

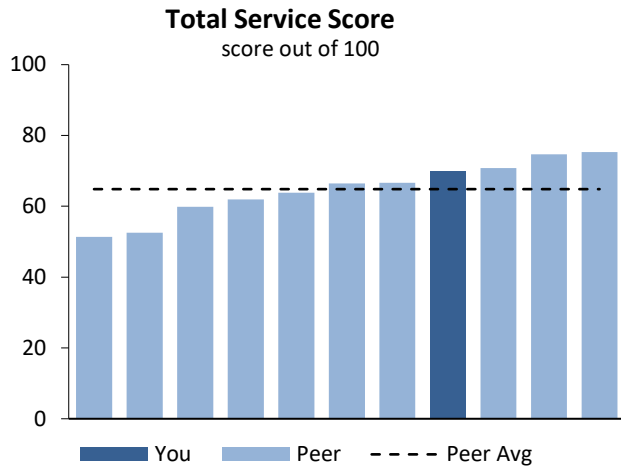
1. The weights used for each transaction type are equal to the 2018 fiscal year global PABS participant median. See section 5 for more details.

An alternative way of comparing costs is as a percentage of total assets. Your cost of 8.2 bps was below the peer average of 12.9 bps.



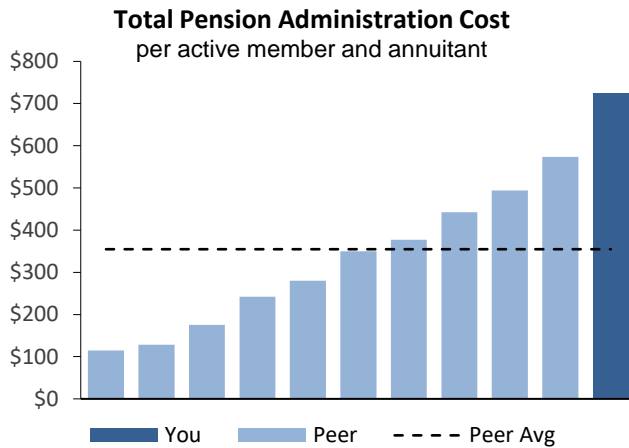
The above calculation uses your net pension administration cost. This excludes any healthcare or investment management related costs.

Key Takeaways:



Your total service score was above the peer average, and you score above or at the peer average in 10 of CEM's 12 measured activities.

The activities with the biggest impact on your score were pension inceptions, website, news and targeted communication.



Your pension administration cost was \$372 above the peer average.