

Office of Retirement Services

Roberto L. Peña, Chief Executive Officer

MISSION

Provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans

CITY SERVICE AREA

Strategic Support

CORE SERVICES

RETIREMENT PLAN ADMINISTRATION

Management and administration of the retirement trust funds, administration of retirement benefits, and supervision of investment assets.

Strategic Support: Retirement Boards' Support, Training, and Contract Administration

Office of Retirement Services

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Retirement Plan Administration Core Service</i>	
Benefits	Provides retirement planning and counseling services to plan members and administers health care and other benefits for retirees and beneficiaries.
Investments	Manages retirement plan assets in a manner which seeks to achieve long-term net returns in excess of the actuarial investment return assumption and adopted benchmarks while maintaining a reasonable level of investment risk.
<i>Strategic Support Core Service</i>	
Retirement Financial Management	Prepares annual comprehensive financial reports for the retirement plans; runs monthly payroll for retirees and beneficiaries; manages the budget and all other financial transactions for the department.
Retirement Human Resources	Manages personnel-related functions for the department, including hiring, employee development, employee discipline, and personnel transactions.
Retirement Information Technology	Manages the Pension Administration System which houses all retirement data and runs most of the retirement business transactions; provides other information technology services, planning, system development and maintenance for the department.
Retirement Management and Administration	Provides executive-level, analytical, and administrative support to the department and retirement boards.

Office of Retirement Services

Department Budget Summary

Expected 2024-2025 Service Delivery

- Manage Retirement Plans' assets and seek solutions to increase investment returns and reduce volatility and cost, while mitigating risk.
- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented the most appropriate rates, assumptions, and methodologies to remove risk from the plans, and decrease volatility.
- Provide quality retirement planning, counseling, and financial reporting.

2024-2025 Key Budget Actions

- Adds 1.0 Senior Office Specialist position to provide customer service for ongoing, pension-related inquiries and requests and to address the increased responsibilities of the positions assigned to manage Front Office responsibilities.
- Adds 1.0 Analyst position to assist with reviewing and resolving weekly and monthly health discrepancy reports within 30 days that result in a variety of issues for the Plan and retirees including loss of health coverage for elderly retirees, accumulation of debt over time, and the inability to recover outstanding debts owed due to death of the retiree and to support the timely delivery of retiree health benefits to approximately 11,600 retirees, dependents, and survivors who are currently enrolled in one or more sponsored or voluntary benefits plans.

Operating Funds Managed

- Federated Retiree Health Care Trust Fund
- Federated Retirement Fund
- Fire Retiree Health Care Trust Fund
- Police and Fire Retirement Fund
- Police Retiree Health Care Trust Fund

Office of Retirement Services

Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
Dollars by Core Service				
Retirement Plan Administration	5,264,657	5,765,124	6,323,436	6,600,468
Strategic Support - City Council Appointees	3,180,600	3,011,749	3,262,573	3,262,573
Strategic Support - Other - Council Appointees	16,107	30,000	30,000	30,000
Total	\$8,461,363	\$8,806,873	\$9,616,009	\$9,893,041
Dollars by Category				
<i>Personal Services and Non-Personal/Equipment</i>				
Salaries/Benefits	8,370,000	8,691,873	9,501,009	9,778,041
Subtotal Personal Services	\$8,370,000	\$8,691,873	\$9,501,009	\$9,778,041
Total Personal Services & Non-Personal/Equipment	\$8,370,000	\$8,691,873	\$9,501,009	\$9,778,041
<i>Other Costs *</i>				
City-Wide Expenses	91,363	115,000	115,000	115,000
Housing Loans and Grants	0	0	0	0
Other	0	0	0	0
Other - Capital	0	0	0	0
Overhead Costs	0	0	0	0
Total Other Costs	\$91,363	\$115,000	\$115,000	\$115,000
Total	\$8,461,363	\$8,806,873	\$9,616,009	\$9,893,041

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

** The position counts displayed in the 2022-2023 Actuals column reflect those included in the 2022-2023 Adopted Budget.

*** 2022-2023 Actuals may not subtotal due to rounding.

**** The amounts in the 2023-2024 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

Office of Retirement Services

Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
Dollars by Fund				
General Fund (001)	91,363	115,000	115,000	115,000
Federated Retirement Funds	3,931,000	4,347,907	4,752,708	4,891,224
Police and Fire Retirement Funds	4,439,000	4,343,966	4,748,301	4,886,817
Total	\$8,461,363	\$8,806,873	\$9,616,009	\$9,893,041
Positions by Core Service **				
Retirement Plan Administration	28.80	28.80	28.80	30.80
Strategic Support - City Council Appointees	14.20	14.20	14.20	14.20
Total	43.00	43.00	43.00	45.00

Note: The budget figures reflected in this summary account for a small portion of the total budget for the Office of Retirement Services, including the cost of the civil service positions in the Office of Retirement Services and General Fund City-Wide expenses of \$115,000. Additional budget information on the Federated and Police and Fire Retirement Funds and the Office of Retirement Services can be found in this budget document as follows:

1. Source and Use of Funds: There are five Source and Use of Funds Statements included for display purposes, consisting of Federated Retirement Fund, Federated Retiree Health Care Trust Fund, Fire Retiree Health Care Trust Fund, Police and Fire Retirement Fund, and Police Retiree Health Care Trust Fund.
2. Summary Information: A summary of the City contributions to the Retirement Funds is included in the Summary Information section of this document.

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Office of Retirement Services

Department Budget Summary

	2022-2023 Actuals **	2023-2024 Adopted	2024-2025 Forecast	2024-2025 Proposed	2024-2025 Proposed Positions
Dollars by Program*					
Retirement Plan Administration					
Retirement Benefits	2,714,357	3,152,128	3,483,740	3,760,772	19.55
Retirement Investments	2,550,300	2,612,996	2,839,696	2,839,696	11.25
Sub-Total	5,264,657	5,765,124	6,323,436	6,600,468	30.80
Strategic Support - City Council Appointees					
Retirement Services Financial Management	1,383,600	1,257,293	1,373,547	1,373,547	6.45
Retirement Services Information Technology	837,000	826,034	917,313	917,313	3.45
Retirement Services Management and Administration	960,000	928,422	971,713	971,713	4.30
Sub-Total	3,180,600	3,011,749	3,262,573	3,262,573	14.20
Strategic Support - Other - Council Appointees					
Retirement Services Other Departmental - City-Wide	16,107	30,000	30,000	30,000	0.00
Sub-Total	16,107	30,000	30,000	30,000	0.00
Total	\$8,461,363	\$8,806,873	\$9,616,009	\$9,893,041	45.00

Note: The budget figures reflected in this summary account for a small portion of the total budget for the Office of Retirement Services, including the cost of the civil service positions in the Office of Retirement Services and General Fund City-Wide expenses of \$115,000. Additional budget information on the Federated and Police and Fire Retirement Funds and the Office of Retirement Services can be found in this budget document as follows:

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Office of Retirement Services

Budget Reconciliation

Personal Services and Non-Personal/Equipment

(2023-2024 Adopted to 2024-2025 Proposed)

	Positions	All Funds (\$)
Prior Year Budget (2023-2024):	43.00	8,691,873
<hr/> Base Adjustments		
One-Time Prior Year Expenditures Deleted		
NONE		
One-time Prior Year Expenditures Subtotal:	43.00	8,691,873
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes		809,136
Technical Adjustments Subtotal:	0.00	809,136
2024-2025 Forecast Base Budget:	43.00	9,501,009
<hr/> Budget Proposals Recommended		
1. Benefits Program Staffing	1.00	161,110
2. Customer Service Staffing	1.00	115,922
Total Budget Proposals Recommended	2.00	277,032
2024-2025 Proposed Budget Total	45.00	9,778,041

Office of Retirement Services

Budget Changes by Department

Personal Services and Non-Personal/Equipment





2024-2025 Proposed Budget Changes	Positions	All Funds (\$)
1. Benefits Program Staffing	1.00	161,110
Strategic Support CSA		
Retirement Plan Administration Core Service		
<i>Retirement Benefits Program</i>		
<p>This action makes permanent 1.0 Analyst I/II position in the Retirement Benefits Division to support timely delivery of retiree health benefits to approximately 11,651 retirees, dependents and survivors who are currently enrolled in one or more sponsored or voluntary benefit plans. Workload in the unit has increased over the past several years due to additional ongoing work related to the Medicare Mandate (which requires continuous Medicare enrollment after age 65), health in-lieu credits (which require monthly reconciliations and adjustments and have doubled the annual open enrollment workload) as well as an increased population of retirees enrolled in sponsored or voluntary health plans. Participants in retirement health plans have increased almost 20% in the past 10 years, from approximately 9,816 to about 11,651, creating additional workload for customer service, issue resolution, life events, open enrollment, and vendor audit activities. With close to 2,000 active employees eligible for sponsored retirement health benefits, new enrollment in sponsored plans is also expected to continue for at least the next ten years as eligible employees retire. This position will continue to enable the Benefits Division to perform the monthly reconciliation activities in 30 days. Timely, ongoing reconciliations are inherent for proper health benefits administration, and the discrepancies should be resolved within 30 days so that the proper premiums are being collected, errors are corrected timely, and members are immediately informed of issues with their enrollments and benefit coverage. (Ongoing costs: \$162,456)</p>		
2. Customer Service Staffing	1.00	115,922
Strategic Support CSA		
Retirement Plan Administration Core Service		
<i>Retirement Benefits Program</i>		
<p>This action adds 1.0 Senior Office Specialist position in the Retirement Benefits Division to provide customer service for ongoing, pension-related inquiries and requests. This position will replace temporary staffing that was used to create a Customer Service Team of two staff (one existing Senior Office Specialist position and one temporary agency staff) and will allow the department to continue the team on an ongoing basis. With the establishment of the Customer Service Team, customers are receiving a faster response time and customer complaints have decreased. Also, the addition of an ongoing Senior Office Specialist position will enable the Customer Service Team to continue to perform the routine, pension-related inquiries that had been handled by Analyst staff since the single Senior Office Specialist at the front desk did not have the capacity to complete those tasks. Due to the Analyst position workloads on higher priority tasks, response time to routine inquiries were delayed resulting in customer complaints as well as misunderstandings. Because the Analyst positions are no longer handling the routine inquiries, their response time on more complex pension issues and tasks (such as new retirement counseling and setups, service purchases, disability application, death and survivorships, and divorce processing) has improved and customer complaints have decreased. (Ongoing costs: \$116,796)</p>		
2024-2025 Proposed Budget Changes Total	2.00	277,032

Office of Retirement Services

Performance Summary

Retirement Plan Administration

Performance Measures

	2022-2023 Actual	2023-2024 Target	2023-2024 Estimated	2024-2025 Target
 Actuarial Funded Status				
• Federated Pension Plan	58.2%	55.0%	59.0%	60.0%
• Police and Fire Pension Plan	80.2%	80.0%	81.0%	82.0%
 Investment Rate of Returns ¹				
• Federated Pension Plan				
- 1 year	7.4%	6.625%	6.625%	6.625%
- 3-year average	9.8%	N/A ²	3.09%	N/A ²
- 5-year average	7.4%	N/A ²	7.95%	N/A ²
- 10-year average	6.3%	N/A ²	5.52%	N/A ²
• Police and Fire Pension Plan				
- 1 year	7.7%	6.625%	6.625%	6.625%
- 3-year average	8.8%	N/A ²	2.95%	N/A ²
- 5-year average	6.7%	N/A ²	7.28%	N/A ²
- 10-year average	6.2%	N/A ²	5.53%	N/A ²
 % of members (active and retired) that rate department services as very good or excellent based on accuracy and usefulness of work	95%	100%	91%	100%
 Administrative costs per plan member in total for both plans	\$856	\$773	\$911	\$969

¹ There is a greater than 50% probability in any year that the portfolio will match the target return.

² There is not a separate target for 3-year, 5-year, and 10-year average returns.

Activity and Workload Highlights

	2022-2023 Actual	2023-2024 Forecast	2023-2024 Estimated	2024-2025 Forecast
# of active and retired members surveyed ¹	60	150	55	75

¹ Survey response has decreased since the COVID-19 pandemic when the Office of Retirement Services switched from paper to online surveys. A new survey method will be implemented in 2024-2025, which is anticipated to increase the response rate.

Office of Retirement Services

Department Position Detail

Position	2023-2024 Adopted	2024-2025 Proposed	Change
Accountant I/II	2.00	2.00	-
Account Clerk I/II	1.00	1.00	-
Analyst I/II	8.00	9.00	1.00
Assistant Director and Chief Investment Officer	1.00	1.00	-
Department Information Technology Manager	1.00	1.00	-
Deputy Director	1.00	1.00	-
Director of Retirement Services	1.00	1.00	-
Division Manager	2.00	2.00	-
Executive Assistant U	1.00	1.00	-
Financial Analyst	1.00	1.00	-
Information Systems Analyst	1.00	1.00	-
Network Technician I/II/III	1.00	1.00	-
Retirement Investment Analyst I/II	2.00	2.00	-
Retirement Investment Officer	3.00	3.00	-
Retirement Investment Operations Supervisor	1.00	1.00	-
Senior Accountant	2.00	2.00	-
Senior Analyst	3.00	3.00	-
Senior Auditor	1.00	1.00	-
Senior Office Specialist	1.00	2.00	1.00
Senior Retirement Investment Officer	2.00	2.00	-
Senior Supervisor, Administration	1.00	1.00	-
Staff Specialist	6.00	6.00	-
Total Positions	43.00	45.00	2.00