

Office of Retirement Services

Roberto L. Peña, Chief Executive Officer

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

City Service Area

Strategic Support

Core Services

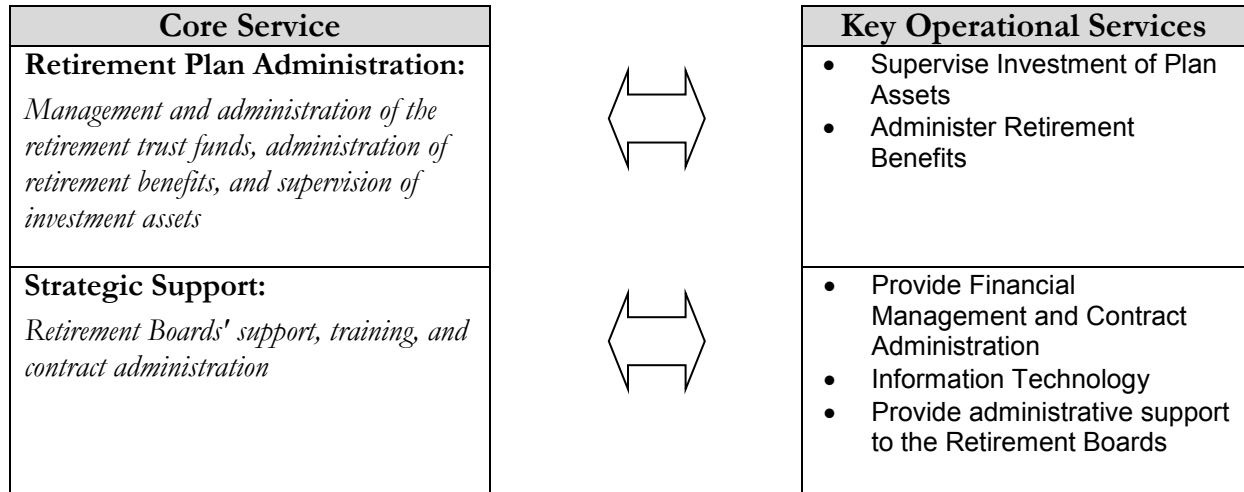
Retirement Plan Administration

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



Office of Retirement Services

Department Budget Summary

Expected 2016-2017 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 de-risk the plans, reduce volatility, and reduce intergenerational shifting of liabilities.
- Provide quality retirement planning, counseling, and financial reporting.

2016-2017 Key Budget Actions

- The addition of a Senior Investment Officer position and the deletion of a Retirement Investment Officer position better aligns resources with the Investment Program needs. The new Senior Investment Officer position will create a clear career ladder spanning from Investment Analyst to Chief Investment Officer. The position will ensure that the Investment Program remains competitive within California Public Pension Plans since this classification is widely used among the City's peers.
- The addition of a Senior Analyst position through June 30, 2018 will support the implementation of the new Pension Administration System (PAS), which was kicked off in March 2015 and is expected to take over four years to complete. As the Retirement Office continues with the PAS implementation, the existing Senior Analyst is required to spend more time on the implementation project. The additional Senior Analyst position will support the Office's daily operations to free up the experienced Senior Analyst to support the design, testing, and transition to the new system. The new position will also assist with the succession planning as a majority of the benefits staff nears retirement eligibility in the next one to five years.
- The extension of the Information Systems Analyst position for two years (limit-dated through June 30, 2018) will support the implementation of the new PAS. In order to ensure a successful implementation of the new PAS, experienced staff will manage and support the design, testing, and transition to the new system. The addition of this position will support the everyday operations of the Office during the implementation project and transition to the new system.

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

| | 2014-2015 Actual 1 | 2015-2016 Adopted 2 | 2015-2016 Forecast 3 | 2016-2017 Adopted 4 | % Change (2 to 4) |
|---|--------------------------|---------------------------|----------------------------|---------------------------|-------------------------|
| Dollars by Core Service | | | | | |
| Retirement Plan Administration | \$ 3,407,574 | \$ 3,953,960 | \$ 4,010,108 | \$ 4,129,206 | 4.4% |
| Strategic Support | 1,958,684 | 2,360,619 | 2,195,150 | 2,422,778 | 2.6% |
| Total | \$ 5,366,258 | \$ 6,314,579 | \$ 6,205,258 | \$ 6,551,984 | 3.8% |
| Dollars by Category | | | | | |
| Personal Services | | | | | |
| Salaries/Benefits | \$ 5,366,258 | \$ 6,314,579 | \$ 6,205,258 | \$ 6,551,984 | 3.8% |
| Total | \$ 5,366,258 | \$ 6,314,579 | \$ 6,205,258 | \$ 6,551,984 | 3.8% |
| Dollars by Fund | | | | | |
| Federated Retirement | \$ 2,683,129 | \$ 3,159,529 | \$ 3,105,235 | \$ 3,278,598 | 3.8% |
| Police & Fire Retirement | 2,683,129 | 3,155,050 | 3,100,023 | 3,273,386 | 3.8% |
| Total | \$ 5,366,258 | \$ 6,314,579 | \$ 6,205,258 | \$ 6,551,984 | 3.8% |
| Authorized Positions by Core Service | | | | | |
| Retirement Plan Administration | 23.75 | 24.00 | 23.27 | 24.27 | 1.1% |
| Strategic Support | 15.00 | 15.75 | 14.48 | 15.48 | (1.7%) |
| Total | 38.75 | 39.75 | 37.75 | 39.75 | 0.0% |

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Budget Reconciliation

(2015-2016 Adopted to 2016-2017 Adopted)

| | Positions | All Funds (\$) |
|---|---------------|-------------------|
| Prior Year Budget (2015-2016): | 39.75 | 6,314,579 |
| Base Adjustments | | |
| One-Time Prior Year Expenditures Deleted | | |
| • Pension Administration System Implementation Staffing (1.0 Analyst I/II and 1.0 Information Systems Analyst) | (2.00) | (210,092) |
| One-time Prior Year Expenditures Subtotal: | (2.00) | (210,092) |
| Technical Adjustments to Costs of Ongoing Activities | | |
| • Salary/benefit changes and the following position reallocations: | | 100,771 |
| - 1.0 Network Technician I/II to 1.0 Network Technician I/II/III | | |
| - 2.0 Retirement Actuarial Analyst I/II to 2.0 Retirement Investment Analyst I/II | | |
| Technical Adjustments Subtotal: | 0.00 | 100,771 |
| 2016-2017 Forecast Base Budget: | 37.75 | 6,205,258 |
| Budget Proposals Approved | | |
| 1. Pension Administration System Implementation Staffing | 2.00 | 331,726 |
| 2. Retirement Department Investment Staffing Realignment | 0.00 | 15,000 |
| Total Budget Proposals Approved | 2.00 | 346,726 |
| 2016-2017 Adopted Budget Total | 39.75 | 6,551,984 |

Office of Retirement Services

Budget Changes by Department




| 2016-2017 Adopted Budget Changes | Positions | All Funds (\$) |
|--|-------------|----------------|
| 1. Pension Administration System Implementation Staffing | 2.00 | 331,726 |
| Strategic Support CSA <i>Retirement Plan Administration</i> | | |
| <p>This action extends 1.0 Information Systems Analyst position (\$227,600) and adds 1.0 Senior Analyst position (\$104,100) through June 30, 2018 to continue to support the implementation of a new Pension Administration System (PAS), which started in March 2015 and is anticipated to take four years to complete. The positions will support the everyday operations of the Department, providing capacity for the experienced staff to manage and support the design, testing, and transition of the new system to ensure a successful implementation. The use of positions will ensure a successful implementation of the new PAS. The continued need for these positions will be evaluated during the 2018-2019 annual budget process, depending on the status of the system implementation at that time. The Senior Analyst position will also assist with succession planning as a majority of the benefits staff is nearing retirement eligibility in the next one to five years. (Ongoing costs: \$341,324)</p> | | |
| 2. Retirement Department Investment Staffing Realignment | 0.00 | 15,000 |
| Strategic Support CSA <i>Retirement Plan Administration</i> | | |
| <p>This action adds 1.0 Senior Retirement Investment Officer position and deletes 1.0 Retirement Investment Officer position to better align the resources with the investment program needs. The new classification of Senior Investment Officer, once established, will ensure that the Investment Program remains competitive within California Public Pension Plans since this classification is widely used among the City's peers. In addition, the classification will create a clear career ladder spanning from Retirement Investment Analyst to Chief Investment Officer and assist with the succession planning of the Investments Group to properly manage the assets of the plan. This action also deletes a Retirement Investment Officer position that has been vacant since August 2011. (Ongoing costs: \$15,000)</p> | | |
| 2016-2017 Adopted Budget Changes Total | 2.00 | 346,726 |

Office of Retirement Services

Performance Summary

Retirement Plan Administration

Performance Measures

| | 2014-2015 Actual | 2015-2016 Target | 2015-2016 Estimated | 2016-2017 Target |
|---|---------------------|---------------------|------------------------|---------------------|
|  % of active members that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals | 93% | 100% | 88% | 100% |
|  % of portfolios analyzed for compliance with investment policy | 100% | 100% | 100% | 100% |
|  % of members (active and retired) that rate department services as very good or excellent based on accuracy and usefulness of work | 94.5% | 100% | 100% | 100% |

Activity and Workload Highlights

| | 2014-2015 Actual | 2015-2016 Forecast | 2015-2016 Estimated | 2016-2017 Forecast |
|--|---------------------|-----------------------|------------------------|-----------------------|
| # of active and retired members surveyed | 387 | 400 | 400 | 400 |
| # of portfolios analyzed annually | 125 | 119 | 163 | 178 |
| # of agendized Board meetings | 102 | 102 | 102 | 102 |
| Investment committee work plan projects | 66 | 48 | 39 | 45 |

Office of Retirement Services

Departmental Position Detail

| Position | 2015-2016 Adopted | 2016-2017 Adopted | Change |
|---|----------------------|----------------------|-------------|
| Account Clerk II | 1.00 | 1.00 | - |
| Accounting Technician | 1.00 | 1.00 | - |
| Analyst I/II | 7.00 | 6.00 | (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 | - |
| Financial Analyst | 1.00 | 1.00 | - |
| Information Systems Analyst | 2.00 | 2.00 | - |
| Network Technician I/II | 1.00 | 0.00 | (1.00) |
| Network Technician I/II/III | 0.00 | 1.00 | 1.00 |
| Office Specialist II | 1.00 | 1.00 | - |
| Retirement Actuarial Analyst I/II | 2.00 | 0.00 | (2.00) |
| Retirement Investment Analyst I/II | 0.00 | 2.00 | 2.00 |
| Retirement Investment Officer | 5.00 | 4.00 | (1.00) |
| Senior Account Clerk | 1.00 | 1.00 | - |
| Senior Accountant | 2.00 | 2.00 | - |
| Senior Analyst | 1.00 | 2.00 | 1.00 |
| Senior Auditor | 1.00 | 1.00 | - |
| Senior Retirement Investment Officer | 0.00 | 1.00 | 1.00 |
| Staff Technician | 7.00 | 7.00 | - |
| Staff Technician PT | 0.75 | 0.75 | - |
| Total Positions | 39.75 | 39.75 | 0.00 |