

# Retirement Services

## Department

Roberto L. Peña, Director

M  
I  
S  
S  
I  
O  
N

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

### *City Service Area*

Strategic Support

### *Core Services*

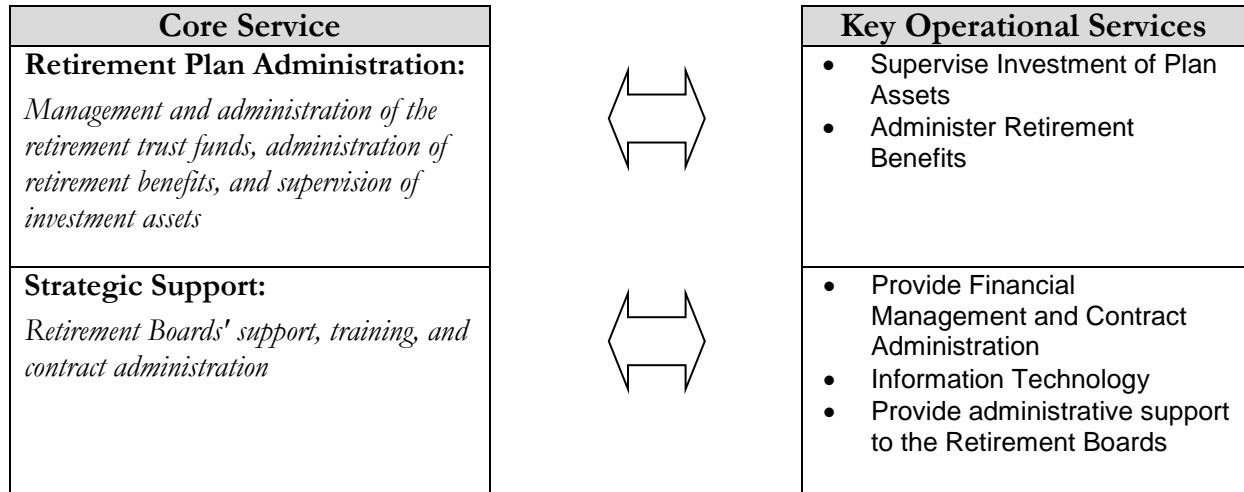
#### Retirement Plan Administration

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

# Retirement Services Department

## Service Delivery Framework



# Retirement Services Department

---

## Department Budget Summary

---

### Expected 2014-2015 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 plans, reduce volatility, and reduce intergenerational shifting of liabilities.
- Provide quality retirement planning, counseling, and financial reporting.

### 2014-2015 Key Budget Actions

- The addition of a Senior Auditor will address operational audits and perform tasks related to addressing the City Auditor's recommendations, including higher class pay and Fair Labor Standards Act issues.
- The addition of a Staff Technician will provide administrative support for the Chief Investment Officer and the investment group.
- The conversion of a Network Technician II from part-time to full-time status will provide additional technical support in implementing and maintaining electronic information to both retirement 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

# Retirement Services Department

## Department Budget Summary

---

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Adopted 4	% Change (2 to 4)
<b>Dollars by Core Service</b>					
Retirement Plan Administration	\$ 2,352,736	\$ 3,009,342	\$ 3,562,239	\$ 3,793,931	26.1%
Strategic Support	1,444,650	2,009,683	2,031,022	2,181,969	8.6%
<b>Total</b>	<b>\$ 3,797,386</b>	<b>\$ 5,019,025</b>	<b>\$ 5,593,261</b>	<b>\$ 5,975,900</b>	<b>19.1%</b>
<b>Dollars by Category</b>					
Personal Services Salaries/Benefits	\$ 3,797,386	\$ 5,019,025	\$ 5,593,261	\$ 5,975,900	19.1%
<b>Total</b>	<b>\$ 3,797,386</b>	<b>\$ 5,019,025</b>	<b>\$ 5,593,261</b>	<b>\$ 5,975,900</b>	<b>19.1%</b>
<b>Dollars by Fund</b>					
Federated Retirement	\$ 1,897,542	\$ 2,510,691	\$ 2,797,901	\$ 2,989,999	19.1%
Police & Fire Retirement	1,899,844	2,508,334	2,795,360	2,985,901	19.0%
<b>Total</b>	<b>\$ 3,797,386</b>	<b>\$ 5,019,025</b>	<b>\$ 5,593,261</b>	<b>\$ 5,975,900</b>	<b>19.1%</b>
<b>Authorized Positions by Core Service</b>					
Retirement Plan Administration	22.25	21.50	22.50	23.50	9.3%
Strategic Support	13.25	15.00	14.00	15.25	1.7%
<b>Total</b>	<b>35.50</b>	<b>36.50</b>	<b>36.50</b>	<b>38.75</b>	<b>6.2%</b>

---

# Retirement Services Department

## Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Adopted)

	<b>Positions</b>	<b>All Funds (\$)</b>
<b>Prior Year Budget (2013-2014):</b>	<b>36.50</b>	<b>5,019,025</b>
<hr/> <b>Base Adjustments</b> <hr/>		
<b>Technical Adjustments to Costs of Ongoing Activities</b>		
● Salary/benefit changes and the following position reallocations:		574,236
- 1.0 Administrative Assistant to 1.0 Staff Technician		
- 1.0 Assistant Director to 1.0 Assistant Director and Chief Investment Officer		
- 1.0 Information Systems Analyst to 1.0 Department Information Technology Manager		
- 1.0 Office Specialist II to 1.0 Staff Technician		
- 1.0 Principal Accountant to 1.0 Division Manager		
<b>Technical Adjustments Subtotal:</b>	<b>0.00</b>	<b>574,236</b>
<b>2014-2015 Forecast Base Budget:</b>	<b>36.50</b>	<b>5,593,261</b>
<hr/> <b>Budget Proposals Approved</b> <hr/>		
1. Retirement Services Accounting and Investment Divisions Staffing	2.00	228,648
2. Retirement Services Department Salary Program		117,771
3. Retirement Services Information Technology Staffing	0.25	36,220
<b>Total Budget Proposals Approved</b>	<b>2.25</b>	<b>382,639</b>
<b>2014-2015 Adopted Budget Total</b>	<b>38.75</b>	<b>5,975,900</b>

# Retirement Services Department

## Budget Changes By Department

---

Adopted Budget Changes	Positions	All Funds (\$)
<b>1. Retirement Services Accounting and Investment Divisions Staffing</b>	<b>2.00</b>	<b>228,648</b>

---

**Strategic Support CSA**

*Retirement Plan Administration*

*Strategic Support*

This action adds 1.0 Senior Auditor in the Accounting Division and 1.0 Staff Technician in the Investment Division. The Senior Auditor will address operational audits, including reviewing work completed in the Benefits Division for retirements, health option changes, and other divisions to ensure they are following policies and procedures. Additionally, the Senior Auditor will perform most of the tasks related to addressing the City Auditor's recommendations, which include higher class pay and Fair Labor Standards Act issues. The Staff Technician will assist the Assistant Director and Chief Investment Officer and the investment group with administrative functions and operational duties including preparing Investment Committee agendas and packets, posting agendas, reviewing capital calls, travel coordination, processing packets and invoices, and other clerical duties. (Ongoing costs: \$230,188)

**Performance Results:**

**Quality** This action will provide the necessary administrative assistance to support the fiduciary and governance requirements of the Retirement Boards and Committees, as well as improve the Department's operational activities.

---

<b>2. Retirement Services Department Salary Program</b>	<b>117,771</b>
---	----------------

---

**Strategic Support CSA**

*Retirement Plan Administration*

*Strategic Support*

This action increases the Retirement Services Department personal services allocation to reflect a 3% salary increase that was negotiated and agreed to by the City and four bargaining units, including Municipal Employees' Federation (MEF), Confidential Employees' Organization (CEO), Association of Legal Professionals of San José (ALP), and the International Union of Operating Engineers, Local No. 3 (OE#3), effective June 22, 2014. In addition, a 3% salary increase is included for those employees in Unit 99 and for Council Appointees. These salary increases were approved by the City Council on June 3, 2014. Agreements were also reached with other bargaining units; however, due to the timing of those agreements and the publication of memorandums necessary for the final budget adoption, those adjustments will be included in the 2013-2014 Annual Report as appropriate. (Ongoing costs: \$117,771)

**Performance Results:** N/A (Final Budget Modification)

# Retirement Services Department

## Budget Changes By Department

---

<b>Adopted Budget Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>
<b>3. Retirement Services Information Technology Staffing Staffing</b>	<b>0.25</b>	<b>36,220</b>
<i>Strategic Support CSA</i> <i>Strategic Support</i>		
<p>This action converts 0.75 Network Technician II PT to 1.0 Network Technician II to provide additional technical support in implementing and maintaining electronic information for both retirement plans. The Department has experienced an increase in the number of retirement board and ad-hoc committee meetings that require additional technical support including electronic packets. In addition, the Department will have several upcoming projects, including a new pension administration system that requires additional technical support. (Ongoing costs: \$36,342)</p>		
<b>Performance Results:</b>		
<b>Quality</b> This action will provide the necessary technical support to address an increase in retirement board and committee meetings and assist in the preparation for the implementation of the new pension administrative system.		
<b>2014-2015 Adopted Budget Changes Total</b>	<b>2.25</b>	<b>382,639</b>




---

# Retirement Services Department

## Performance Summary

### Retirement Plan Administration

#### **Performance Measures**

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of active members that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	90%	100%	95%	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	85%	100%	90%	100%

*Changes to Performance Measures from 2013-2014 Adopted Budget: No*

#### **Activity and Workload Highlights**

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
# of active and retired members surveyed	175	400	250	400
# of portfolios analyzed annually	51	70	115	125
# of agendized Board meetings	106	110	117	127
Investment committee work plan projects	94	35	47	100

*Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: No*



# Retirement Services Department

## Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Adopted	Change
Account Clerk II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	0.00	(1.00)
Analyst I/II	7.00	7.00	-
Assistant Director	1.00	0.00	(1.00)
Assistant Director and Chief Investment Officer	0.00	1.00	1.00
Department Information Technology Manager	0.00	1.00	1.00
Deputy Director	1.00	1.00	-
Director, Retirement Services	1.00	1.00	-
Division Manager	1.00	2.00	1.00
Financial Analyst	1.00	1.00	-
Information Systems Analyst	3.00	2.00	(1.00)
Network Technician II	0.00	1.00	1.00
Network Technician II PT	0.75	0.00	(0.75)
Office Specialist II	2.00	1.00	(1.00)
Principal Accountant	1.00	0.00	(1.00)
Retirement Actuarial Analyst I/II	2.00	2.00	-
Retirement Investment Officer	5.00	5.00	-
Senior Account Clerk	1.00	1.00	-
Senior Accountant	2.00	2.00	-
Senior Analyst	1.00	1.00	-
Senior Auditor	0.00	1.00	1.00
Staff Specialist	1.00	1.00	-
Staff Technician	2.00	5.00	3.00
Staff Technician PT	0.75	0.75	-
<b>Total Positions</b>	<b>36.50</b>	<b>38.75</b>	<b>2.25</b>

**PAGE IS INTENTIONALLY LEFT BLANK**