



Iowa PERS

CEM Pension Administration Benchmark Report - 2023

August 26, 2024

Insights are based on the 70 global pension systems that participate in the benchmarking service.

Systems

United States

Arizona SRS
CalPERS
CalSTRS
Colorado PERA
Delaware PERS
Florida RS
Idaho PERS
Illinois MRF
Indiana PRS
Iowa PERS
Kansas PERS
LACERA
Michigan ORS
Minnesota State RS
Nevada PERS
New Mexico PERA
NYC TRS
NYCERS
NYSLRS
Ohio PERS
Oregon PERS

Pennsylvania PSERS
PSRS PEERS of Missouri
South Dakota RS
STRS Ohio
TRS Illinois
TRS of Louisiana
TRS of Texas
University of California RP
Utah RS
Virginia RS
Washington State DRS

Australia

ESS Super

Denmark

ATP

South Africa

Eskom Pension & Provident Fund

Canada

Alberta Pension Services
Alberta Teachers
BC Pension Corporation
Canadian Forces PP
Federal Public Service PP
LAPP of Alberta
Municipal Pension Plan of BC
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP

The Netherlands

ABP
Metaal en Techniek
PFZW

United Kingdom¹

Armed Forces Pension Scheme
BSA NHS Pensions
BT Pension Scheme
Greater Manchester PF
Hampshire Pension Services
Kent Pension Fund
Local Pensions Partnership
Lothian PF
Merseyside PF
Pension Protection Fund
Principal Civil Service
Railpen
Royal Mail Pensions
Scottish Public Pensions Agency
South Yorkshire Pensions Authority
Surrey County Council
Teachers' Pensions
Tyne & Wear PF
Universities Superannuation
West Midlands Metro
West Yorkshire PF

1. Systems in the UK complete a different benchmarking survey. Their data is not included in this report.

This report compares your pension administration costs and member service to a custom peer group.

Custom Peer Group for Iowa PERS				
#	System	Number of members (in 000s)		
		Active Members	Annuitants	Total ¹
1	Washington State DRS	352	226	578
2	Indiana PRS	250	174	424
3	Arizona SRS	215	171	386
4	Colorado PERA	240	135	374
5	STRS Ohio	215	159	374
6	NYCERS	182	176	358
7	Oregon PERS	184	165	349
8	Illinois MRF	175	149	325
9	Iowa PERS	180	134	314
10	TRS Illinois	170	131	301
11	Kansas PERS	152	113	265
12	PSRS PEERS of Missouri	130	107	237
13	NYC TRS	126	91	216
14	TRS Louisiana	95	85	180
	Median	181	142	337
	Average	190	144	334

1. Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than active members or annuitants.

Key takeaways:

Cost

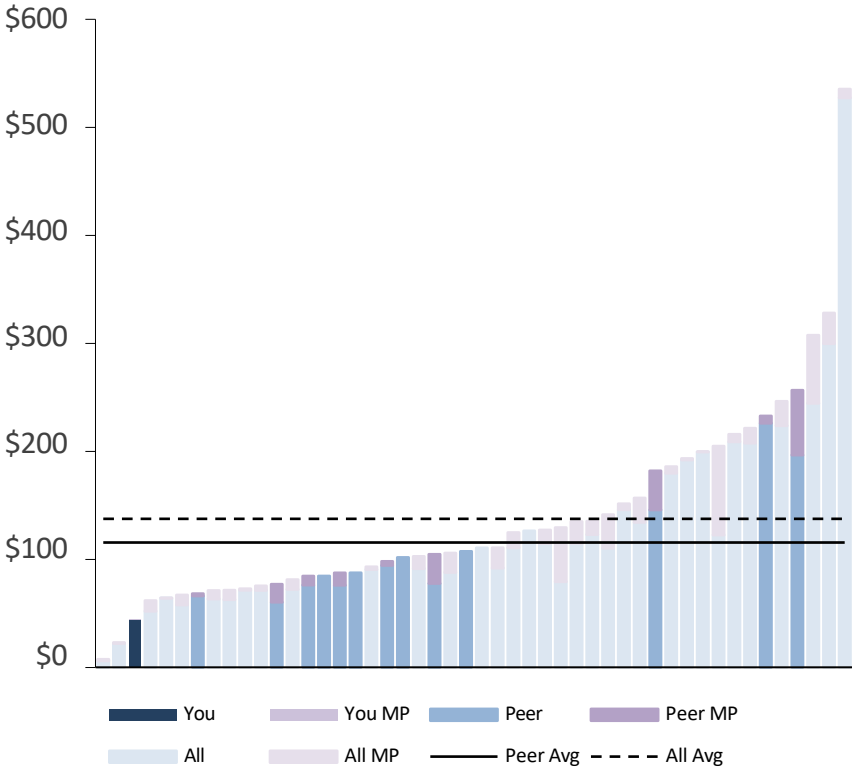
- Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.
- Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.
- During the same period, the average cost of your peers with 8 consecutive years of data increased by 1.9% per annum.

Service

- The CEM service model was updated to capture the change in digital adoption and transformation in the pension industry over the last eight years. It also takes a more member-centric view: scores are calculated by member journey.
- Your total service score was 64. This was below the peer median of 82.
- Your service score has increased from 63 to 64 between 2016 and 2023.

Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.

Pension Administration Cost Per Active Member and Annuitant ¹



Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
Business-As-Usual Costs	13,895	44	103
Major Project Costs ¹	27	0	12
Total Pension Administration	13,922	44	115

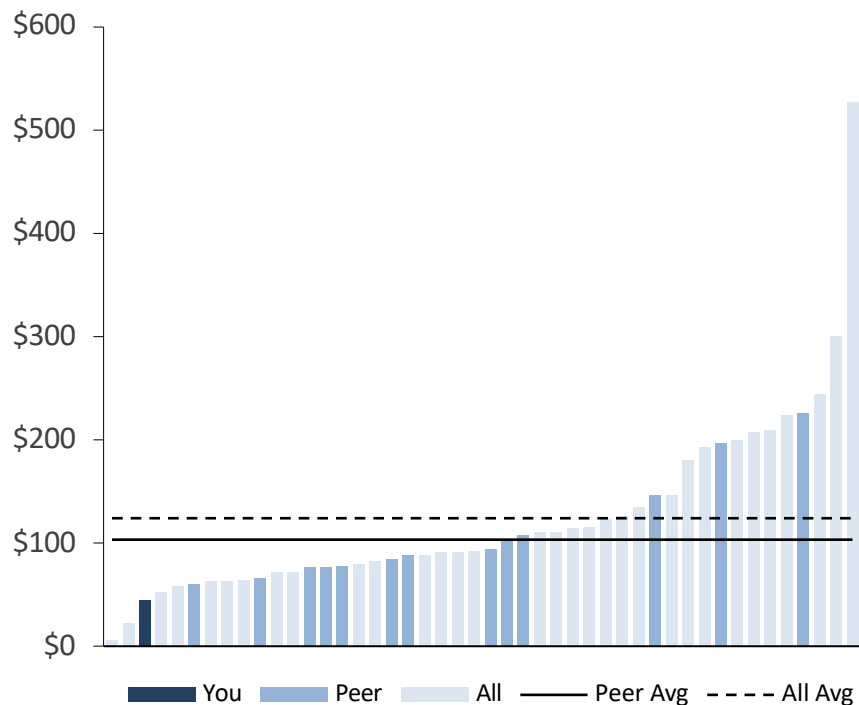
We include costs that are directly related to pension administration (e.g., staff costs or an third-party costs) plus attributions of governance, financial control, IT, building and utilities, HR, support services and other costs.

The costs associated with investment operations and investment management are specifically excluded.

1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

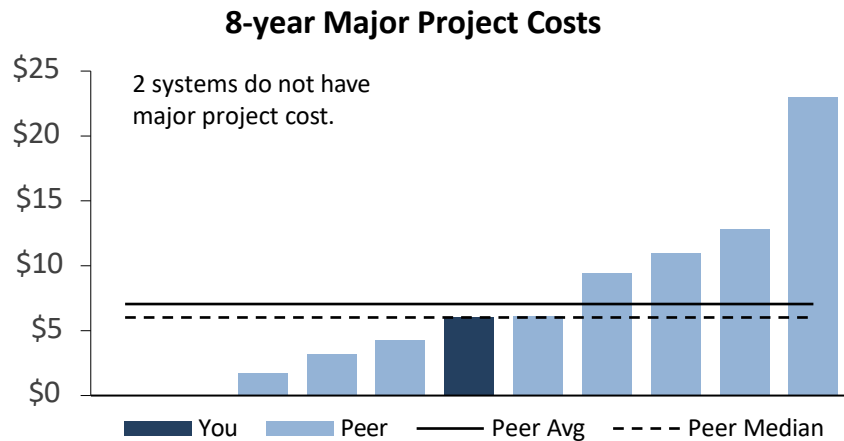
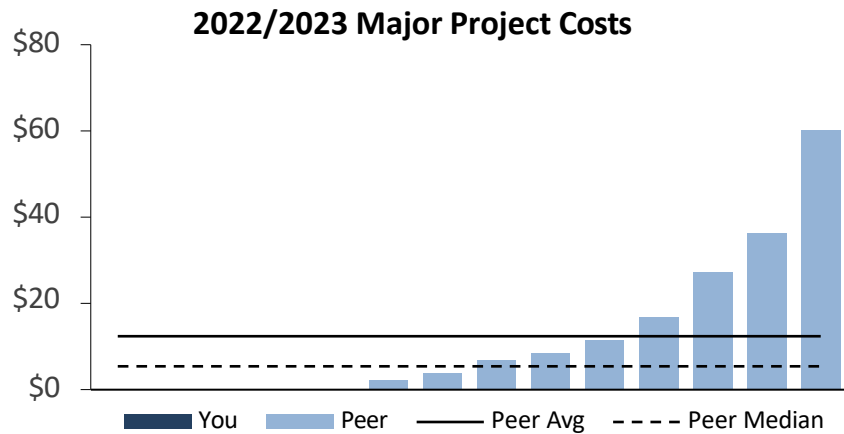
Your Business-As-Usual (BAU) costs of \$44 per active member and annuitant was \$59 below the peer average of \$103.

Business-As-Usual Costs Per Active Member and Annuitant



Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
<u>Front office</u>			
Member Transactions	1,799	6	18
Member Communication	2,242	7	15
Collections & Data Maintenance	1,825	6	10
<u>Governance and support</u>			
Governance and Financial Control	1,251	4	8
Information Technology	4,890	16	28
Building	764	2	8
HR	160	1	2
Actuarial	225	1	1
Legal	394	1	3
Audit	247	1	2
Pay-as-you-go Benefits	16	0.1	1
Other Support Services	82	0.3	6
Total Pension Administration	13,895	44	103

Your Major Project costs of \$0 per active member and annuitant was \$12 below the peer average of \$12.



Category	Major Project Cost \$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
Single year 2022/2023	27	0.1	12
Multi-year average ¹	1,885	6	7

What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

1. These costs are averaged over as many years as possible based on the system participation record, with a maximum of 8 years. Systems that have submitted less than 8 years of data are excluded.

Reasons why your total cost per member was \$71 below the peer average:

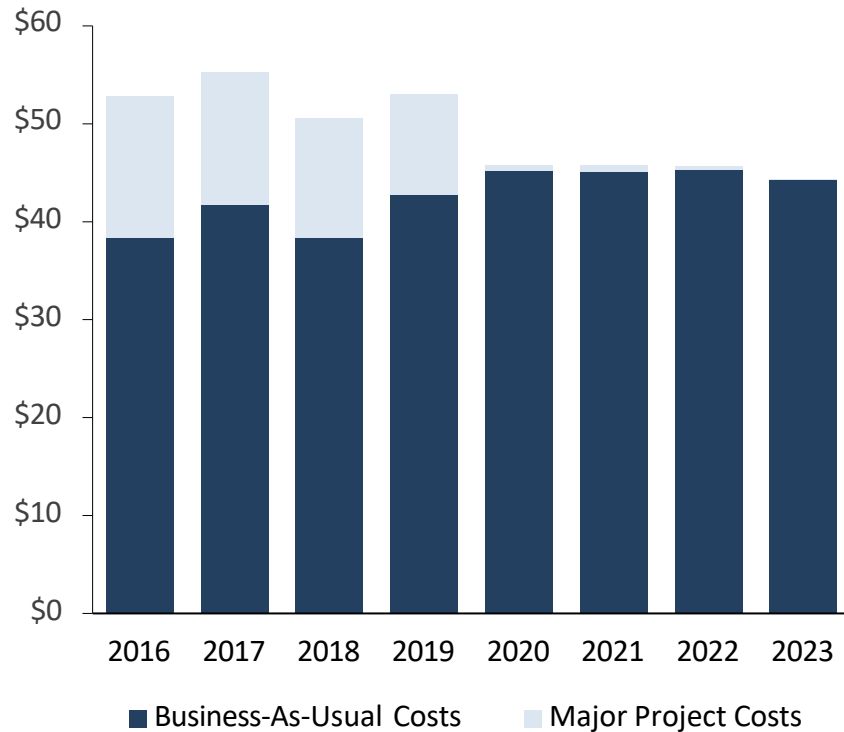
Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front office FTE per 10,000 members	1.4 FTE	3.8 FTE	-\$33
2 Lower third party costs per member in the front office	\$4	\$6	-\$2
3 Lower costs per FTE			
Salaries and Benefits (incl. retiree benefits) ¹	\$111,904	\$113,969	
Building and Utilities	\$11,572	\$13,730	
HR	\$2,420	\$3,922	
IT Desktop, Networks, Telecom	<u>\$15,769</u>	<u>\$14,251</u>	
Total	\$141,665	\$145,872	-\$3
4 Lower support costs per member ²			
Governance and Financial Control	\$4	\$8	
Major Projects	\$0	\$13	
IT Strategy, Database, Applications	\$13	\$17	
IT Security	\$1	\$3	
Actuarial, Legal, Audit, Other	<u>\$3</u>	<u>\$14</u>	
Total	\$21	\$55	-\$34
Total			-\$71

1. 25% of your total salaries and benefits relates to benefits. This compares to a peer average of 29%.

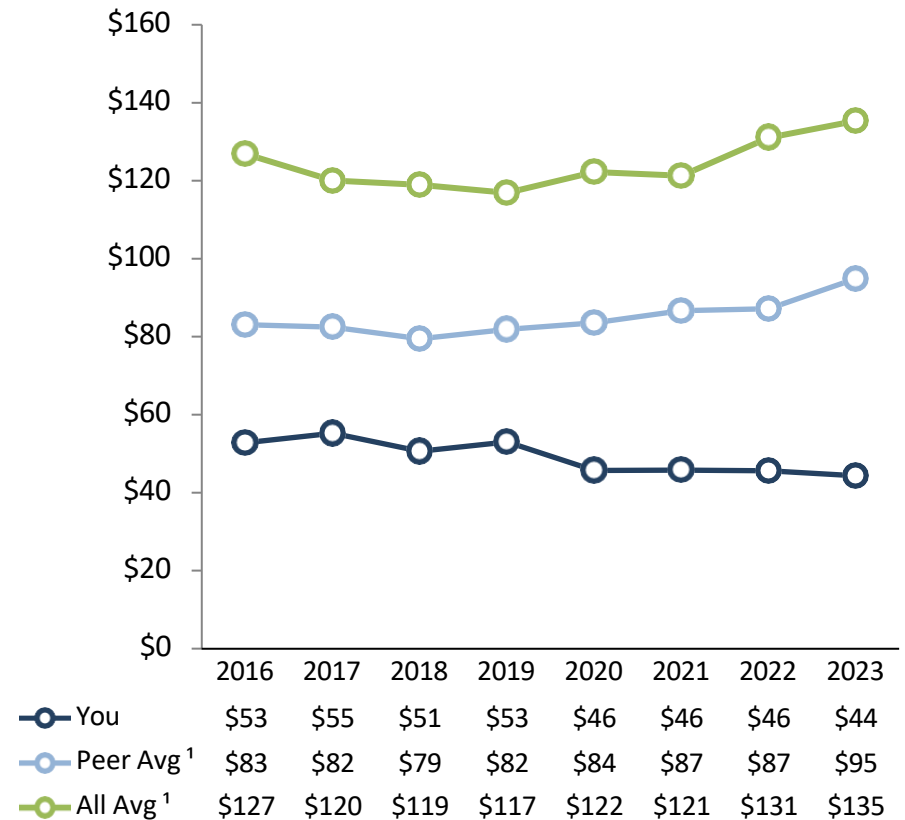
2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.

Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.

Your Pension Administration Cost Per Active Member and Annuitant Trend



Pension Administration Cost Per Active and Annuitant Trend



1. Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 14 peers and 34 of the 46 systems in the universe).

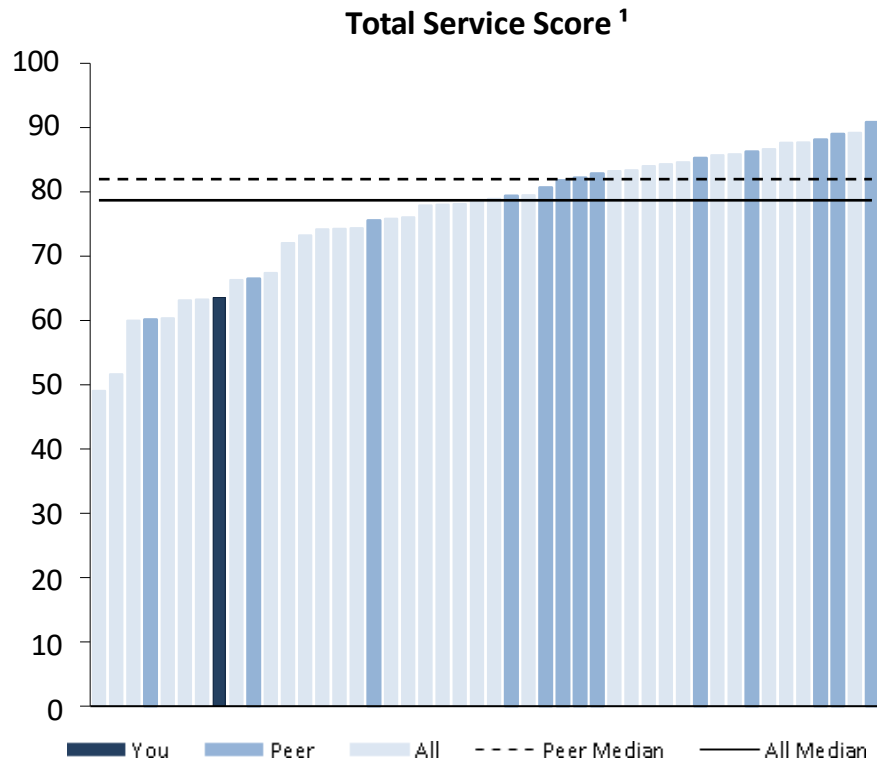
CEM's service score methodology was updated to reflect global pension administration trends.

- It has been eight years since the service methodology was last updated.
- The pandemic has accelerated digital adoption and transformation.
- Digital-first is now considered the highest service level by most members for transactions.

Key changes:

- The service score takes a more member-centric view of service: member journeys.
- Service metrics were added for digital member services and targeted campaigns.
- The service weights for digital activities were increased.
- Service metrics that are less relevant today, or minor and non-differentiating, were removed from the service model.
- The threshold to score maximum points for each service metric were updated based on what the new norm is in the pension industry. For example, a call wait time of 120 seconds gets a perfect score now versus 60 seconds in 2021, because more systems are allowing for longer wait times in favor of higher first contact resolutions.
- Please note that historic scores have been restated to reflect changes in methodology, and will differ from previous reports.

Your total service score was 64. This was below the peer median of 82.



1. The service score methodology was updated this year. Based on last year's service model, your service score would have been 74, which was equal the all median of 74.

Looking at cost in isolation is unhelpful. Context is required, as is a means to measure value for money. CEM believes the right measure is member service, or the service score.

Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

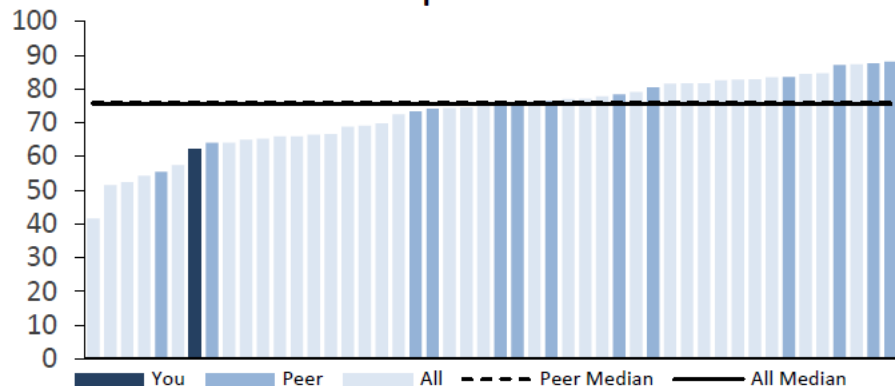
Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Your total service score is the weighted average of the service scores for each of the four member journeys below.

Service Scores by Journey			
Journey	Weight	You	Peer Median
Active member experience	30%	62	76
Inactive member experience	5%	66	76
Retiring experience	35%	64	83
Annuitant experience	30%	67	86
Total service score	100%	64	82

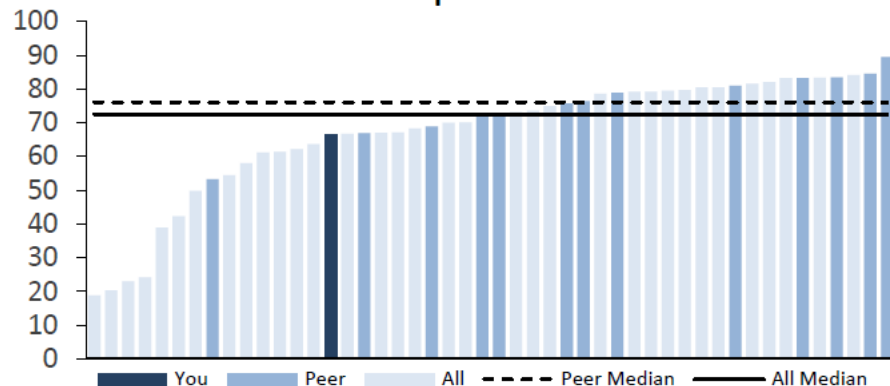
Service score by member journey and activity

Active Member Experience Service Score



Activity	Weight	You	Peer Median
Targeted campaigns	7.5%	44	49
Purchases and Transfers-in	10.0%	62	61
Member statements	12.5%	80	83
---	---	---	---
---	---	---	---
Personal information	5.0%	70	89
Salary and service credit information	5.0%	100	88
Secure website accessibility	30.0%	55	94
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
1-on-1 counseling	5.0%	98	95
Member presentations	2.5%	51	100
Feedback	5.0%	15	58
Active member experience service score	100.0%	62	76

Inactive Member Experience Service Score

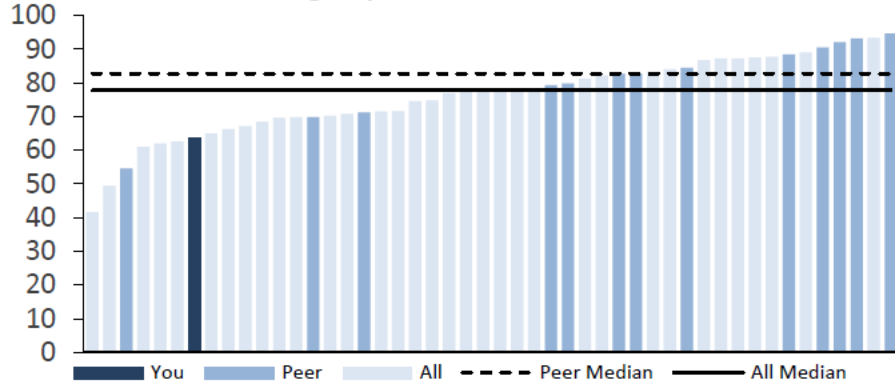


Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	15	30
---	---	---	---
---	---	---	---
Tracking inactive members	10.0%	37	90
Transfers-out	5.0%	80	80
Personal information	7.5%	70	89
Salary and service credit information	5.0%	100	88
Secure website accessibility	40.0%	90	90
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
---	---	---	---
---	---	---	---
Feedback	5.0%	5	45
Inactive member experience service score	100.0%	66	76

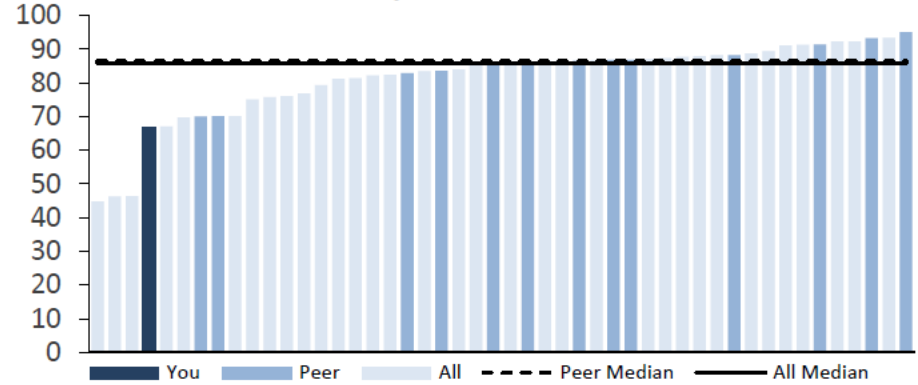
Service score by member journey and activity

(continued)

Retiring Experience Service Score



Annuitant Experience Service Score



Activity	Weight	You	Peer Median
Targeted campaigns	7.5%	10	100
Pension estimates: self-service	7.5%	73	79
Pension estimates: assisted service	2.5%	90	100
Retirement applications	7.5%	30	73
Pension inceptions	10.0%	98	94
Disability inceptions	5.0%	100	90
---	---	---	---
Personal information	2.5%	70	89
Salary and service credit information	2.5%	100	88
Secure website accessibility	20.0%	63	100
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
1-on-1 counseling	7.5%	98	95
Member presentations	5.0%	51	100
Feedback	5.0%	10	60
Retiring experience service score	100.0%	64	83

Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	22	61
---	---	---	---
---	---	---	---
---	---	---	---
---	---	---	---
Pension payments	30.0%	94	98
Personal information	5.0%	70	89
---	---	---	---
Secure website accessibility	32.5%	64	98
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	65	88
Contact center: call quality	5.0%	77	85
---	---	---	---
---	---	---	---
Feedback	5.0%	30	65
Annuitant experience service score	100.0%	67	86

Key outliers influencing your total member service score relative to peers

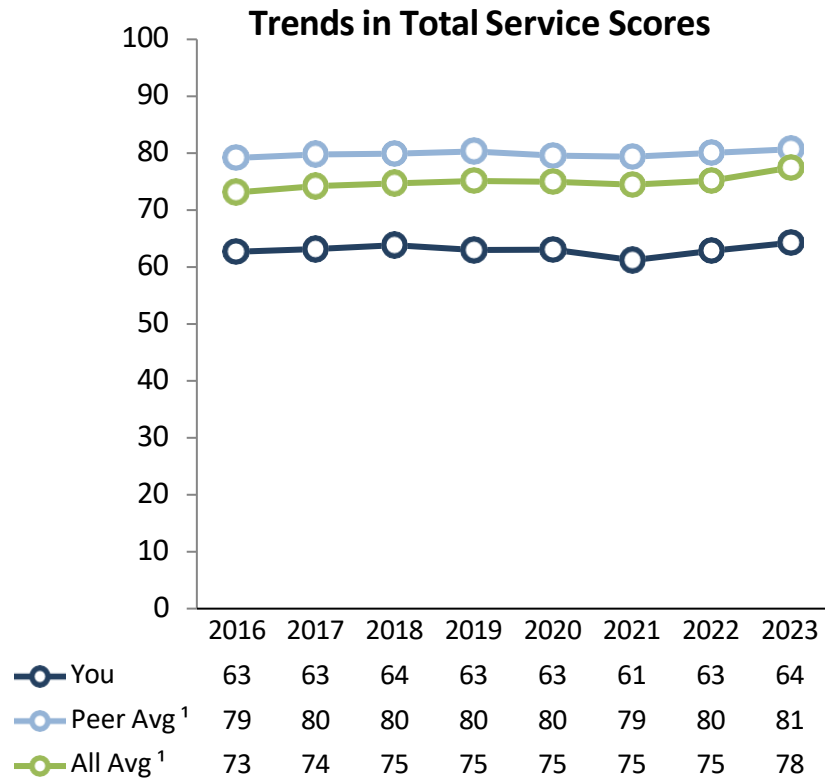
Higher than peers

- You scored well above the peer averages for pension inception. Your percentage of inceptions paid within 1 month were:
 - Service pensions: 100% (peers: 86.1%)
 - Survivor pensions: 100% (peers: 67.9%)
- A number of your core processes turnaround times were well below your peer averages:
 - Service credit purchase estimate: 5 days (peers: 23.2 days)
 - Completion of transfer-outs: 2 days (peers: 88.4 days)
 - Written pension estimates: 0 days (peers: 7.1 days)
 - Transfer-in applications: 1 month (peers: 2.6 months)
 - Decision disability applications: 1 month (peers: 2.5 months)
 - Responding to emails: 1 day (peers: 1.8 days)
- You sent out targeted communication to members when they're vested for pension benefits. Less than half of your peers did.

Lower than peers

- You did not track the different members types that were accessing the secure area of your website.
- You surveyed less transactions and journeys in general compared to your peers.
- You have less access to your members' email addresses than your peers and you are also reaching out less to your members with targeted communication.
- Your website does not offer some of the tools that are common among your peers:
 - Submission of retirement application (peers: 78.6% Yes)
 - Uploading of documents (peers: 71.4% Yes)
 - Forced disclaimer every time before pension calculator use (peers: 71.4% No)
- In your contact center:
 - Your percentage of undesired call outcomes was 20.2% (peers: 16.6%).
 - Your First Call Resolution was 81.0% (peers: 90.9%).
- Your presentation availability as a percentage of active members was 1.3% (peers: 9.3%).

Your service score has increased from 63 to 64 between 2016 and 2023.



Changes that had a positive impact compared to last year

- Contact center: You added an additional training component and started reviewing your contact center staff on a regular basis.
- Presentations: Your availability as a percentage of active members increased from 1.0% to 1.3%, having an impact on both the active and retiring member experiences.

Changes that had a negative impact compared to last year

- You scaled down your surveying program compared to last year.

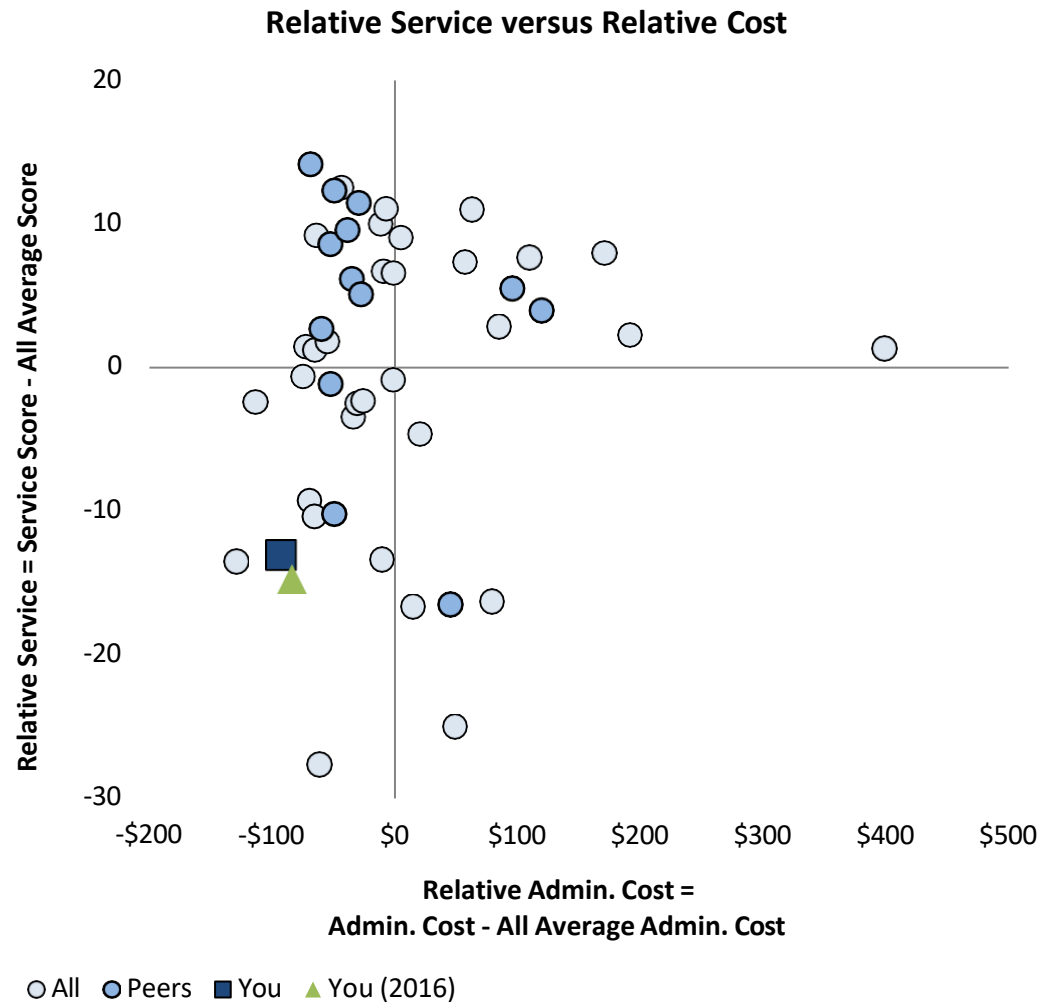
Longer term changes

- Besides adding contact center reviews having a positive impact on your overall service score, the following key metrics had a negative impact:
 - Call wait time: Increased from 59 seconds in 2016 to 500 seconds due to understaffing.
 - Undesired call outcomes: Increased from 5.7% to 15.3%
- In 2017 you started offering an online service credit purchase calculator.
- Since 2019 your members have the option to change their beneficiary online.

1. Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 14 peers and 34 of the 48 systems in the universe).

2. Historic scores have been restated to reflect changes in methodology. Your historic service scores will differ from previous reports.

The relationship between service and pension administration cost in the CEM universe:



Key takeaways:

Cost

- Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.
- Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.
- During the same period, the average cost of your peers with 8 consecutive years of data increased by 1.9% per annum.

Service

- The CEM service model was updated to capture the change in digital adoption and transformation in the pension industry over the last eight years. It also takes a more member-centric view: scores are calculated by member journey.
- Your total service score was 64. This was below the peer median of 82.
- Your service score has increased from 63 to 64 between 2016 and 2023.

Thank you



Christopher Doll

Director, Client Coverage

—

ChrisD@cembenchmarking.com

CEMbenchmarking.com

