



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 Kingdom<sup>1</sup>

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 <sup>1</sup>
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	<b>Iowa PERS</b>	<b>180</b>	<b>134</b>	<b>314</b>
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

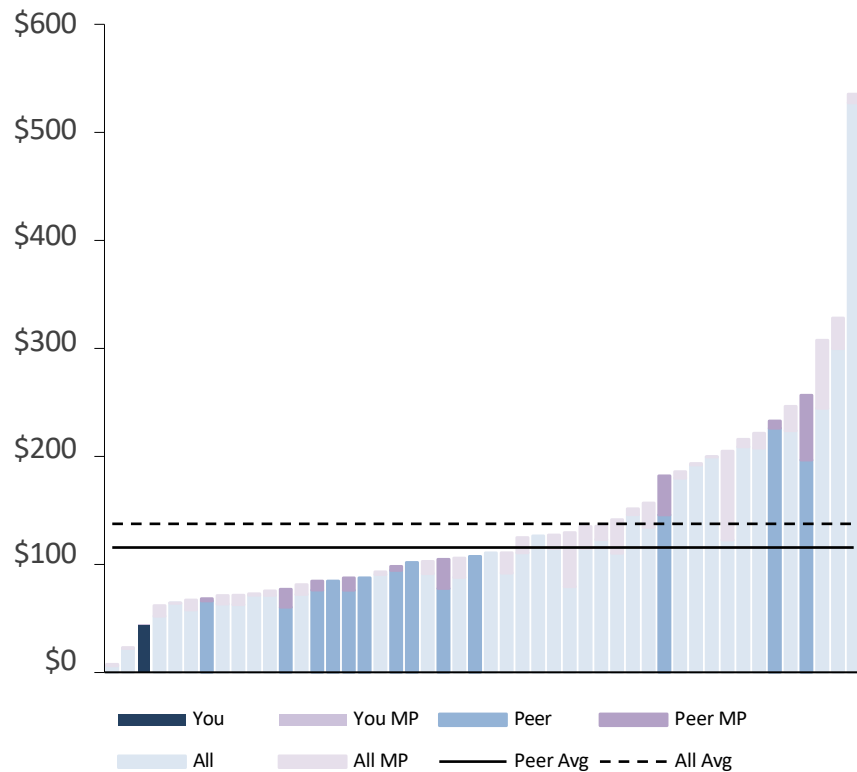
- Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.
- Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.
- During the same period, the average cost of your peers 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 <sup>1</sup>**



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

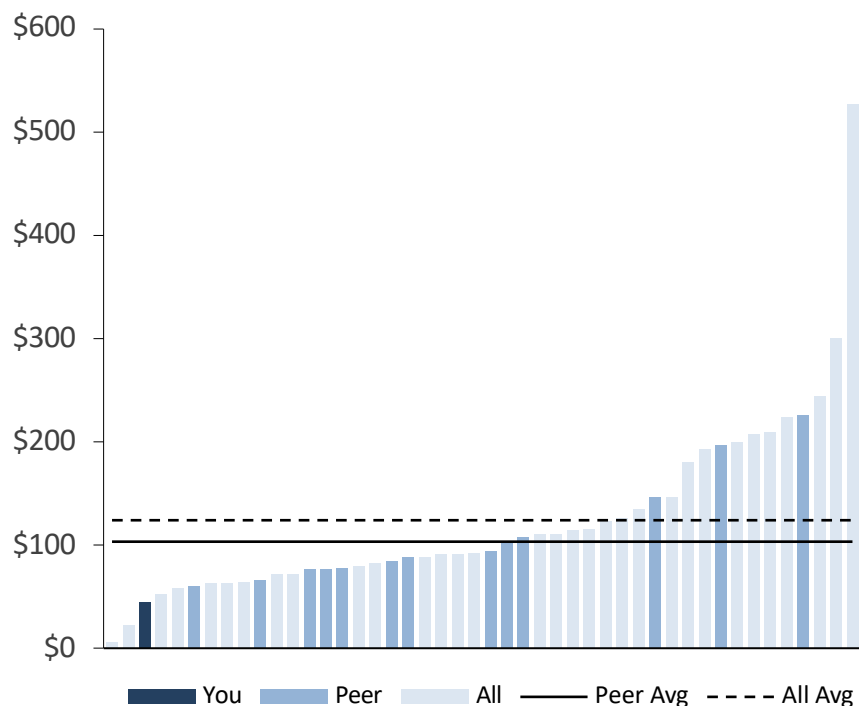
Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
Business-As-Usual Costs	13,895	44	103
Major Project Costs <sup>1</sup>	27	0	12
<b>Total Pension Administration</b>	<b>13,922</b>	<b>44</b>	<b>115</b>

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.

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

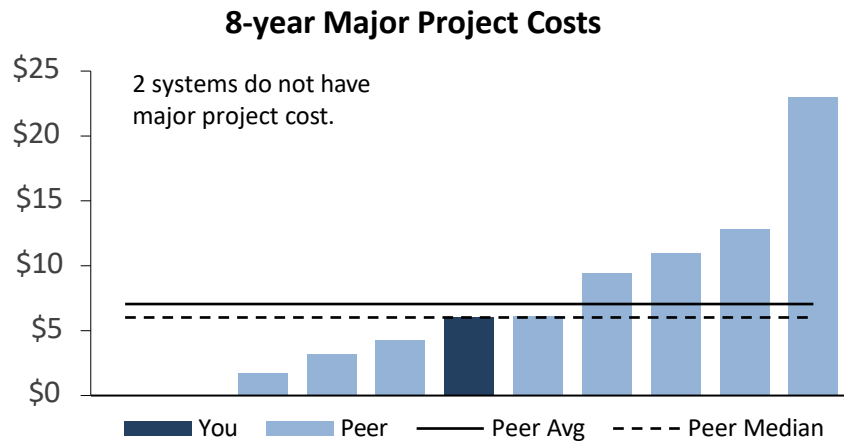
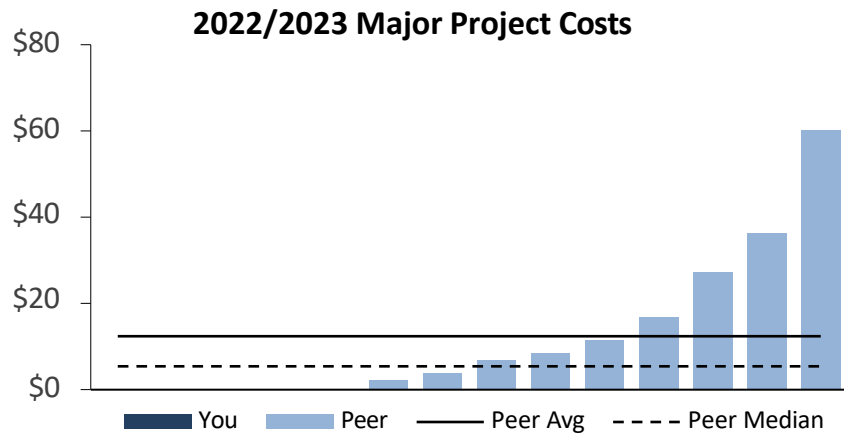
**Business-As-Usual Costs Per Active Member and Annuitant**



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
<b>Total Pension Administration</b>	<b>13,895</b>	<b>44</b>	<b>103</b>



## 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 <sup>1</sup>	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) <sup>1</sup>	\$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 <sup>2</sup>			
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
<b>Total</b>			<b>-\$71</b>

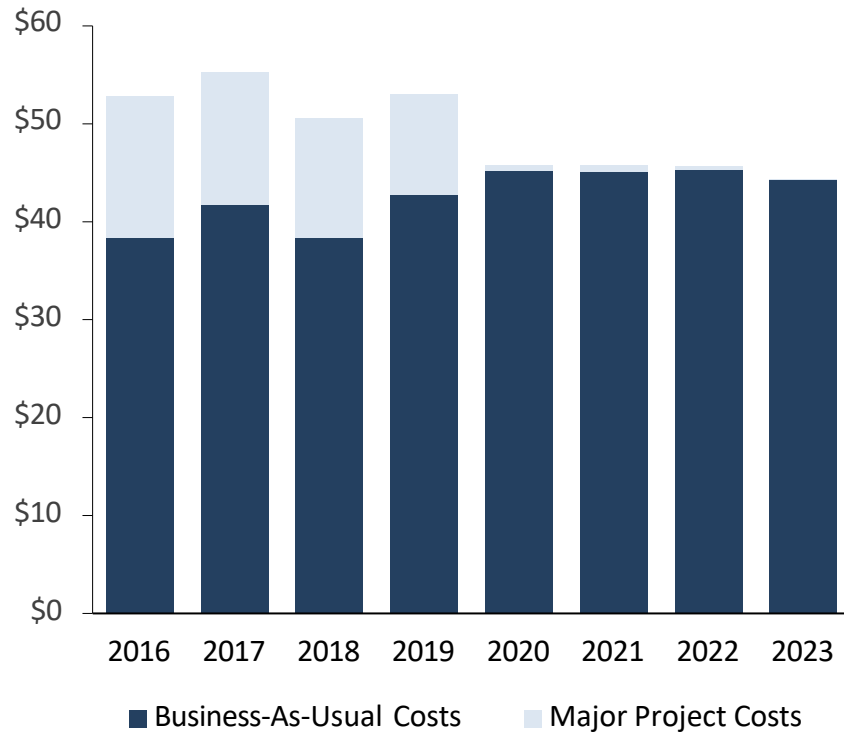
1. 25% of your total salaries and benefits relates to benefits. This compares to a peer average of 29%.

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

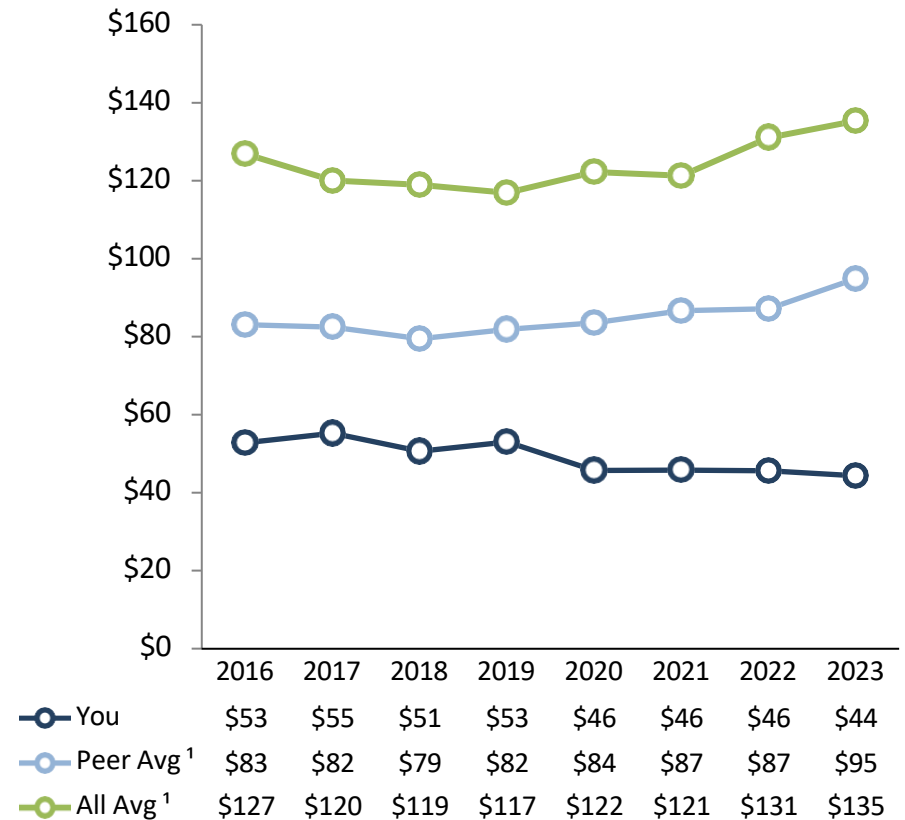


Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.

**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).

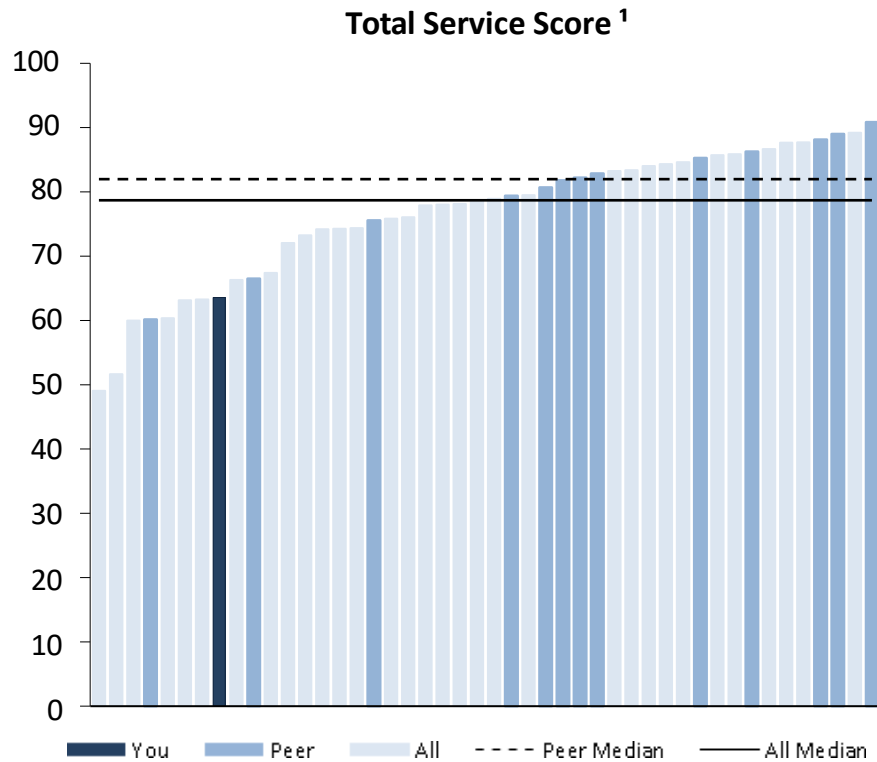
## CEM's service score methodology was updated to reflect global pension administration trends.

- 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.

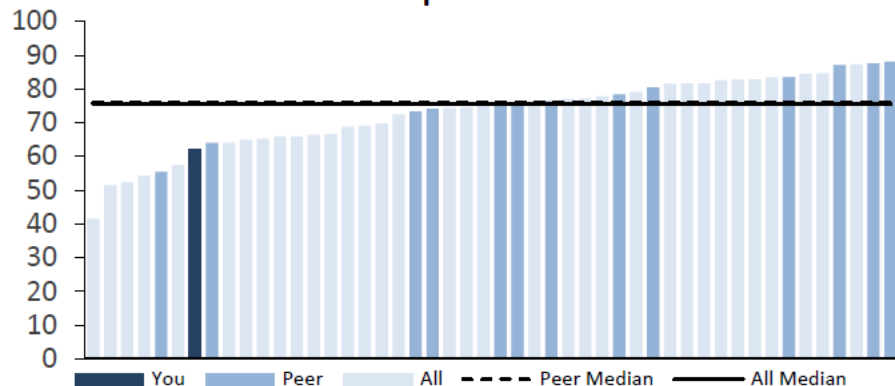
Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

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
<b>Total service score</b>	<b>100%</b>	<b>64</b>	<b>82</b>

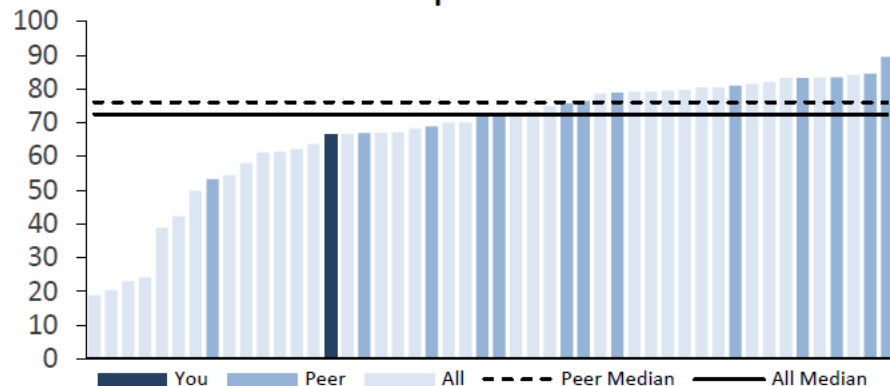
## Service score by member journey and activity

### 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
<b>Active member experience service score</b>	<b>100.0%</b>	<b>62</b>	<b>76</b>

### Inactive Member Experience Service Score

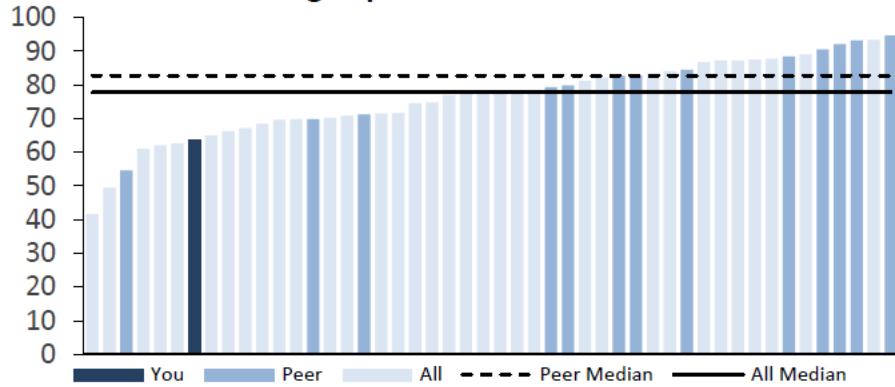


Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	15	30
---	---	---	---
---	---	---	---
Tracking inactive members	10.0%	37	90
Transfers-out	5.0%	80	80
Personal information	7.5%	70	89
Salary and service credit information	5.0%	100	88
Secure website accessibility	40.0%	90	90
Contact center: accessibility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

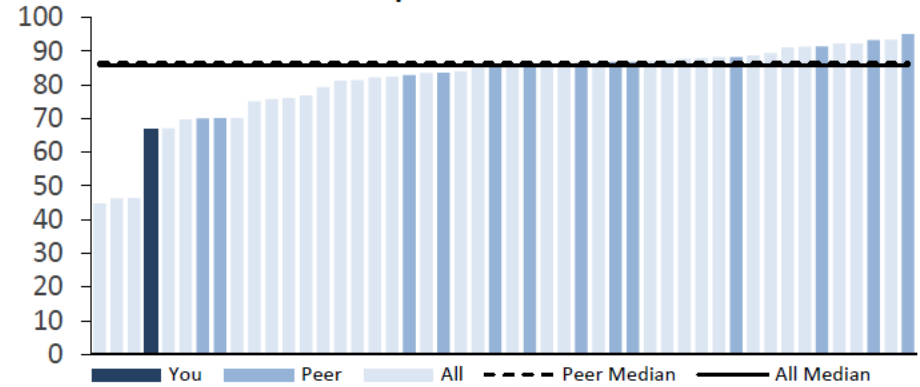
# Service score by member journey and activity

(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
<b>Retiring experience service score</b>	<b>100.0%</b>	<b>64</b>	<b>83</b>

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
<b>Annuitant experience service score</b>	<b>100.0%</b>	<b>67</b>	<b>86</b>

# Key outliers influencing your total member service score relative to peers

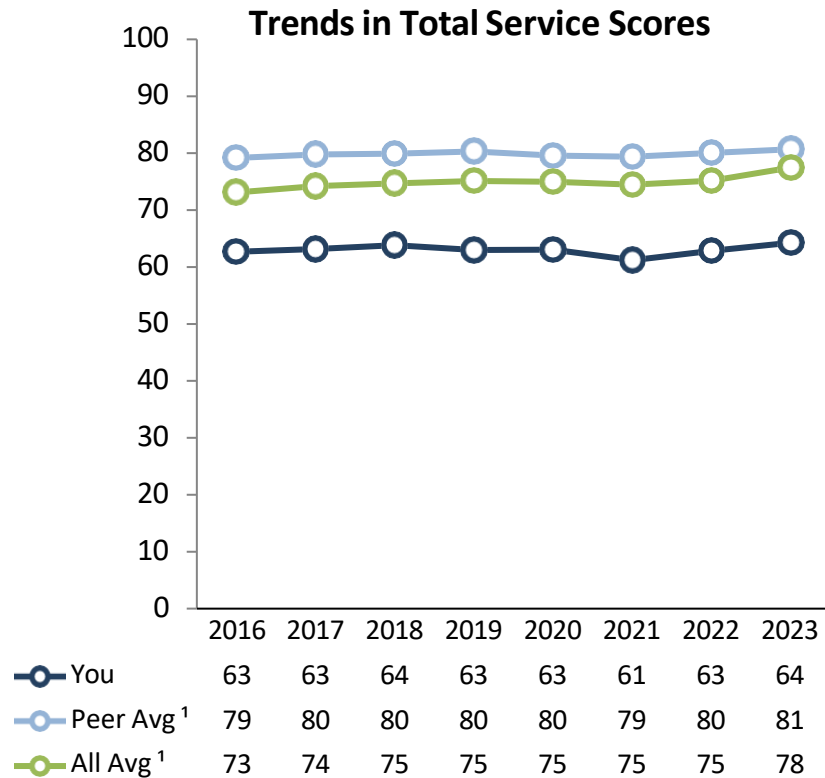
## Higher than peers

- You scored well above the peer averages for pension inceptions. 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.



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.

### 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

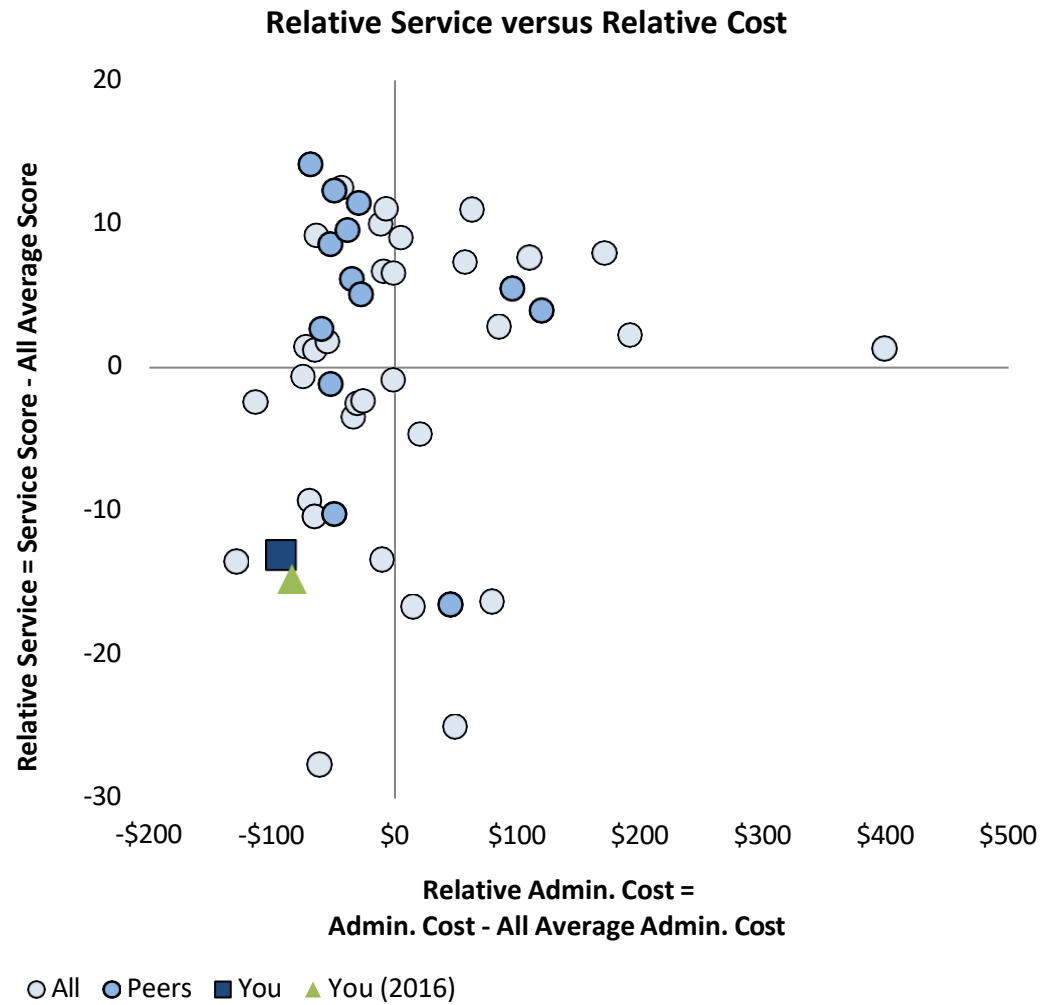
- You scaled down your surveying program compared to last year.

### 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.



# 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

