

STRATEGIC PLAN

FY 2017-2019



ORANGE COUNTY
CCERS
EMPLOYEES RETIREMENT SYSTEM

“We provide secure retirement and disability benefits with the highest standards of excellence.”

OCERS GOALS - OBJECTIVES

1. **Excellent Customer Service**
providing
2. **Timely & Accurate Benefits**
based on
3. **Secure and Reliable Data**
funded by
4. **Prudently Managed Investments**
guided by
5. **Professional Plan Administration**

EXCELLENT CUSTOMER SERVICE

1.

Benchmark 1

95% of members surveyed are satisfied with the customer service received.

Benchmark 2

No more than 5% of benefit initiations require unplanned recalculations.

Objective A – **Trained and professional staff.**

- Explore staff training to maintain industry- accepted professional standards, such as provided by the International Foundation of Employee Benefits Plans.
- Training program for staff with monthly sessions that guide to outcomes. (Benchmark 1)
- Develop comprehensive documentation of all processes, procedures and policies and make accessible to all staff. (Benchmark 2)
- Develop appropriate performance metrics benchmarking peer comparisons.

Objective B – **Move member inquiries from phone to web whenever possible.**

- Automatically populate electronic forms with system data in accordance with acceptable security controls.
- On-line input of retiree change of address or direct deposit information, in accordance with acceptable security controls.
- Create and launch education program in use of OCERS web site.

Objective C – **Clear and timely communication with members/stakeholders.**

- Capture and monitor member/stakeholder feedback at all touch points and create management reports.
- Involve stakeholder groups in delivery of communications to members.
- Create call center for effective call management with ability to measure service.

TIMELY and ACCURATE BENEFITS

2.

Benchmark 3

90% of Disability claims to the Board within four months of a complete medical profile.

Objective A – **Benefits paid are accurate.**

- Formalize effective use of Internal Audits to assist with test of agency processes.
- Develop policy for de minimus adjustments.
- Details of benefit qualification standards and calculations clearly documented in OCERS Administrative Procedures (OAP)

Objective B – **Service Retired Members are paid timely, without break in cash flow.**

- Explore methods for payment within one month of retirement date.

Objective C – **Streamlined Disability Process**

- Regular review of disability process and staffing in order to implement process improvements that will streamline the disability benefit application process leading to accepted service benchmarks. (Benchmark 3)

3.

Objective A – **Move to next generation pension administration software.**

- All procedures documented to ensure continuity while providing foundation to staff.
- Data integrity review.
- Post Go-Live determine V3 impact on general administration and make necessary adjustments.

Objective B – **Ensure security of data.**

- Perform mock review of OCERS internal control system per SSAE-16 (formerly SAS 70) standards to determine status of agency internal controls. Enhance periodic vulnerability assessments on critical assets.
- Deploy advanced security technologies and ensure appropriate procedures while integrating security into our investment and business processes.
- Provide security and privacy awareness training to sensitize employees to potential security and privacy issues within their particular functional areas on an annual basis.
- Mitigate risk of fraud in OCERS Investment transactions.

EFFICIENT INVESTMENT PROGRAM

4.

Objective A – Investment program aims to achieve and maintain a fully funded status with regard to the actuarial liability of the system.

- Assure alignment of intermediate-term and long-term funding policies with the OCERS portfolio's investment opportunity frontiers.
- Explore investment strategies to improve or protect the system's funding status at market extremes.
- Develop and implement strategies to dynamically adjust the portfolio for business cycle risks and opportunities.
- In reviewing asset allocation consider appropriate movements to contractual income in anticipation of cash flow negative status.

Objective B – Achieve investment return objective with appropriate level of risk.

- Ensure adoption of appropriate benchmarks for each asset class and total fund.
- Regularly measure and evaluate investment and performance risks at the manager, asset class and total fund level.
- Annually consider timely portfolio enhancement and risk mitigation strategies.

Objective C – Board enabled to provide clear policy guidance with timely staff implementation.

- Coordinate Board training classes and conferences into cohesive goal-centered training curriculum.
- Conduct semi-annual Board investment education sessions.

EFFICIENT INVESTMENT PROGRAM (Continued)

- Periodic review and communication to the Board of investment –related training and courses.
- Continued improvement and standardization of investment reports.
- Annual/biennial review of portfolio decision-making delegation and procedures.

Objective D – **Establish updated and written procedures to ensure continuity and best practices for investments.**

- Ensure due diligence and risk management activities meet best practice standards.
- Establish sound due diligence processes and clear accountability for alternative investments.
- Review, update and document all investment procedures.
- Take a leadership role for best investment practices statewide and nationally.

Objective E – **Ensure optimal investment division staffing and resources.**

- Biennially review insourcing, outsourcing and other strategic management strategies.
- Develop personalized training strategies for investment staff.
- Explore incentive and retention compensation.

Objective F – **Ensure efficiency and transparency in investment management.**

- Seek optimal cost structures throughout the investment program, with special focus on cost containment strategies as the portfolio

becomes increasingly diversified with non-traditional asset classes and strategies.

- Explore public sector partnerships and opportunities to share or combine management and oversight resources with other public plans.

Objective G - Identify viable OCERS-based defined contribution investment options. (“unitization”)

- Identify potential qualified product providers or advisors with feasible strategies.
- Collaborate with County DC committee and staff on product design options.

PROFESSIONAL PLAN ADMINISTRATION

5.

Benchmark 4

Annual dollar per active and annuitant figure grows by no more than CPI.

Objective A – **Good governance model and practices clearly delineate duties and responsibilities of Board members and OCERS staff.**

- Review of Board Governance Policies and processes in 2018.

Objective B – **Stable and sustainable contribution rates.**

- Monitor system's funding policy in order to maintain fiscal responsibility and enhance contribution rate stability.
- Outreach to non-participating Orange County employers, allowing opportunity to join OCERS and build Fund base.

Objective C – **Maintain reasonable administrative costs.**

- Implement continuous improvement processes to ensure organizational structure is most efficient model.
- Research Board actions, policies and directives that may create cost for the plan, such as the annual crediting of interest to member accounts.
- Review divisional budgets to ensure cost effectiveness. (Benchmark 4)

Objective D – **Implement enterprise risk management.**

- Regular review of agency Risk Assessment matrix.
- All divisions to monitor and report on operational and strategic risks, with identification of internal controls.
- Internal Audit to test controls to ensure effectiveness.

Objective E – **Maintain effective Business Continuity Plan.**

- Plan must be clearly communicated and understood by management staff.
- Plan must be routinely reviewed to ensure applicable and effective for current plan administration.

Objective F – **Ensure agency is prepared for legislative impacts.**

- Develop outreach program to ensure agency input to stakeholders considering legislation that would impact the system.

Objective G – **Maintain OCERS Tax Status**

- Work with tax counsel to maintain OCERS' favorable tax status by continuing to engage in the determination letter process and implementing IRS plan changes.

6.

Development A – **Fund reaches \$25 billion.**

Address by developing an investment team that meets the skill set needed to manage the anticipated Portfolio

Development B – **Fund moves from cash flow positive to cash flow negative.**

Address through defensive asset allocation.

Development C – **Fund has more retired members than members.**

Address through appropriate actuarial assumptions

Development D – **Last of “baby boomer” staff exiting agency.**

Address with Succession Plan

Development E – **End of V3 useful life.**

Address with advance planning; focus on appropriate use of IT team.

Development F – **2020 75-Year OCERS Anniversary.**

Address with plan and budget in 2019