

SAN LUIS OBISPO COUNTY PENSION TRUST (SLOCPT)



PART F-2 SLO AS-IS BUSINESS PROCESSES



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1. Process Name: Active Member Counseling

Overview / Description:

Members formally or informally schedule an appointment via a walk-in visit to the Pension Trust Office or by telephone or e-mail. If scheduled, the counseling session is recorded on a personal hard-copy calendar. In preparation for the session the member's physical file is pulled from the file-room and reviewed along with information contained within RAD. These counseling sessions are one-on-one discussions with the member and a representative from Pension Trust. These sessions often can cover a wide-range of topics depending upon each member's specific situation. One of the primary outputs from the counseling session is often a 15-year estimate. Upon conclusion of the counseling session the representative from Pension Trust often adheres a sticky note to the member's file folder as to the date, discussion topics, etc. that occurred in the counseling session. Also a copy of the 15-year estimate, with final compensation information, is included in the member's file if supplied during the session.

Volume / Metrics: Approximately 30 sessions a week

As-Is Process Concerns / Pain-Points:

- Currently primarily only one (1) staff member handles counseling sessions
- Opportunity exists to provide incorrect information to members based on system-data issues and/or complexity of topic and alternatives available
- Data issues within RAD for salary history and multiple events within member's employment history.

Best Practices:

- Use of a global, electronic calendar for ease of scheduling, management and historic tracking
- Cross-training of additional staff so there is 'contingency' for business areas and processing
- Standardized information (i.e., booklets, member handbooks, etc.) for common information that all members would need to know.



2. Process Name: New Member Enrollment / General Changes

Overview / Description:

As individuals are hired for permanent employment with the County, the San Luis Obispo Superior Court and contracting agencies the employer informs these employees about their retirement system and insists that they contact Pension Trust to discuss the details of Pension Trust and the benefits of their mandatory membership. The discussion's main purpose is to understand the member's job title, bargaining unit and past governmental employment so that they can be assigned to the proper tier (i.e., Tier Placement), which is used in determining member's contribution rate. A specific questionnaire (i.e., cheat sheet) is used by staff to assist with this placement. The County's payroll system is SAP and the member is setup in that system along with the correct "pension code" which maps to job-title, bargaining unit and tier. In addition a Multipurpose Contribution Rate form (MCR) is used by the employer to complete the member's demographic information and then the Pension Trust staff completes pertinent retirement information. This is used for data entry into RAD to create a base-record for the member so that when the periodic contribution file is processed it has a matching entry. The member completes a beneficiary form separately (as it is the member's responsibility not their employers) and this form usually lags behind this new member setup process.

In addition to new member enrollment there are also ongoing general changes that are processed such as changes in address, name, gender, job-titles, pay increases / decreases, employment status, additional voluntary contributions, etc.

Volume / Metrics: New Member Enrollment - Approximately 30 a month
General Changes – Approximately 60 a month

As-Is Process Concerns / Pain-Points:

- Difficulty with handling members that re-enter or re-deposit into the system after leaving work and are now returning-to-work
- Difficultly with handling members with "blended service"
- Difficultly with handling members that elect "additional voluntary contributions" and change preferences periodically.

Best Practices:

- Minimize data entry and automate electronic feeds where possible
- Capture member / beneficiary information upon hire (i.e., first contact) because otherwise it is often difficult to get this information once the member is settled within their employment.



3. Process Name: Recurring Contributions

Overview / Description:

The Pension Trust on a bi-weekly basis receives demographic information, wage / hours coded, contribution information, and employment information from the various employers. This information is submitted via various sources (i.e., XML, txt, etc.) and is imported into a staging area for review. Once imported into RAD various Excel spreadsheets are generated to perform balancing and reconciliation; then the file is processed. One of the key aspects of the posting process is the determination and posting of Pension Trust Service Credit (PTSC). This service credit is accrued and posted at an hourly unit of measure taken to six (6) decimal points. The Pension Trust has approximately a 99% acceptance rate in the import and posting of recurring contributions. Upon completion and as part of this process the Member Interest posting process is also conducted where interest is calculated and applied to the member's account balance.

Volume / Metrics: 26 pay-periods a year reported for each of the reporting employers for approximately 2,500 members.

As-Is Process Concerns / Pain-Points:

- Opportunity exists to 'alter' the source file as it is a file submitted outside of the system and not a part of the system
- The balancing and reconciliation process is still very manual
- System stability issues when the recurring contribution job is running
- System does not validate contribution rates at the individual member record level only in total.

Best Practices:

- Wage and Contribution Reporting should have a predefined, mandatory format that all employers follow
- Uploading of information; along with any error correction should be performed by the entity providing the information not the recipient of the information.



4. Process Name: Purchase of Service / Buybacks

Overview / Description:

The Pension Trust offers various types of service purchases such as buybacks for leave without pay, cadet conversion, military service, re-depositing prior service to establish reciprocity, alternate payee purchases, interest only, prior service re-deposits and injured on duty. Regardless of the type, the process usually begins with the member making an inquiry either by phone or e-mail. The Pension Trust staff researches the member's account and then requests various proof / documentation from the member. Once the required documentation is obtained and verified, the Pension Trust staff performs the associated cost calculation and sends the cost information and payment election materials to the member. Once returned, the payment (or) the agreed upon payment schedule is established.

Volume / Metrics: Approximately 10 inquiries a month resulting in 5 purchases a month

As-Is Process Concerns / Pain-Points:

- The various Service Credit purchase calculations do not exist in RAD
- Often the buyback time periods are not accurately recorded in the proper tier
- There are limited to no standard letter templates for correspondence purposes
- There are limited to no management reporting and metrics

Best Practices:

- Use of Customer Relationship Management (CRM) to track inquiries, status of open items, distribution and receipt of correspondence, etc.
- Business rules and calculations should be an inherent part of core pension administration system.



5. Process Name: Global Reporting

Overview / Description:

The Pension Trust has numerous global reporting needs focused primarily on the areas of Accounting, Actuarial, Retirement, Public Records Requests, Internal Reporting, etc. Some of these reporting needs are monthly whereas others are annually.

For Actuarial reporting, the Pension Trust once a year at fiscal yearend electronically sends various information and reports to their actuary, Gabriel Roeder and Smith (GRS).

For Accounting reporting, the major reports that are used are the Recurring Payroll Register, the Payment Summary / Totals of Payments report, and the Variance Reporting of the Recurring Payroll.

Volume / Metrics: Approximately 30 defined reports.

As-Is Process Concerns / Pain-Points:

- Concern that Social Security Numbers are currently used on a majority of reports
- Timing and data issues often create misleading and/or misinterpreted reports.

Best Practices:

- Identify reporting needs and create useable, maintainable reports
- Establish both an owner and the audience for each report so that information is meaningful
- Create recurrence schedule and defined parameters so that information is relevant when compared to prior period reports
- Eliminate any reports that do not have a business purpose
- Ensure all reports can be viewed online in addition to being printed depending on its intended purpose.



6. Process Name: General Account Changes (Retiree)

Overview / Description:

The Pension Trust has approximately 2,500 retirees and therefore there are numerous account changes that occur from one month to the next that need to be reviewed and processed by staff. The typical types of changes are direct deposit additions / changes, address changes, tax withholding changes, name changes and health premium changes for medical, dental and vision. Each of these changes is triggered via a form and processed so as to take affect for the next recurring payroll (if processed by the payroll cutoff date). Of the 2,500 retirees approximately 2,400 receive an electronic fund transfer (EFT) and 100 receive a physical check.

Systematic notifications are sent to staff in order to assist retirees with age related health changes.

Volume / Metrics: Approximately 40 direct deposit changes, 15 address changes, and 30 tax withholding changes a month.

As-Is Process Concerns / Pain-Points:

- Unable to calculate an estimated monthly benefit allowance on a change to tax withholding.

Best Practices:

- Use of self-service (i.e., retiree website) functionality where retirees can review and make updates / changes to their information.



7. Process Name: Reciprocity

Overview / Description:

There are two main components of reciprocity – incoming reciprocity and outgoing reciprocity. For incoming reciprocity a new or returning permanent employee as part of their onboarding process will be asked whether they have ever worked for another California retirement system. If eligible, various documents such as a welcome letter, election, information on reciprocity sheet, etc. are provided. To establish incoming reciprocity an Intersystem Membership Advice form is sent to the other indicated California retirement system(s) so that they can certify the member’s plan entry date into that system along with their years of service credit. Once the form is received back at Pension Trust the member’s information, plan entry date, adjustment to contribution rate (if required), etc. is established. Ideally this process is performed when the member is first hired; however late requests occur when the member is either thinking about retirement or is about to retire. The same process is followed however the adjustment to contribution rate is based on when the member elects reciprocity – so it is beneficial to establish this as early as possible. For outgoing reciprocity as members terminate employment with the County and contracting agencies; the Pension Trust provides various correspondence items such as a termination letter, Special Tax Notice, member detail, election form, etc. Therefore if a terminated member is going to be employed by another California system they would be advised of their opportunity to establish reciprocity with Pension Trust.

Volume / Metrics: Approximately 7 incoming reciprocities established each month. Of the 2,500 active members about 400 have reciprocity established. Approximately 2 outgoing reciprocities established each month.

As-Is Process Concerns / Pain-Points:

- There is currently no way to track the status of incoming reciprocity while waiting on information from the member (during onboarding) or from the other California system
- There is no way to stop the generation of a termination refund for a member with outgoing reciprocity (override would be necessary).

Best Practices:

- Education and communication about Reciprocity throughout the County and Pension Trust membership
- Use of Customer Relationship Management (CRM) to track inquiries, status of open items, distribution and receipt of correspondence, etc.



8. Process Name: Divorce

Overview / Description:

A member that is going through a divorce should contact the Pension Trust inquiring about the process and details. If helpful the Pension Trust provides a copy of a sample Domestic Relation Order (DRO) that the lawyers can use to help facilitate the division. The primary document that is needed by the Pension Trust is the official dissolution of marriage / judgment, signed by the Judge. The amount to be divided for an Alternate Payee split is based on the date of marriage or plan entry date (whichever is later) to the date of separation of the marriage. The percentage supplied in the DRO is then applied to the member's account balance / service credit and the account is then officially split. The amount to be divided for a Time Rule split is based on the service accrued while married divided by member's total years of service. In cases where the divorce happens after the member is already retired and receiving a recurring monthly benefit the divorced recipient will receive a percentage of the pension.

Volume / Metrics: Approximately 8 a month.

As-Is Process Concerns / Pain-Points:

- The RAD system does not calculate division / splits
- The calculations are currently performed on an Excel spreadsheet and the results are entered into RAD
- Difficulty in tracking divorced account and maintaining contact information since the alternate payee can't retire / receive benefit until the originating member retires.

Best Practices:

- Business rules and calculations should be an inherent part of core pension administration system
- Use of Customer Relationship Management (CRM) to track inquiries, status of open items, distribution and receipt of correspondence, etc.



9. Process Name: Global Communications

Overview / Description:

The Pension Trust produces various global communications as information / education to its participants. These items are produced either quarterly or annually and are modified in format and content based on the intended purpose of each.

Volume / Metrics: Fiduciary Quarterly Newsletter, Public Annual Financial Report (PAFR), and Member Annual Statements.

As-Is Process Concerns / Pain-Points:

- Fiduciary Quarterly Newsletter does not get published each quarter due to other operational demands.

Best Practices:

- Determine the type and frequency of each communication and assign an owner to each to ensure that each item gets drafted, reviewed and issued based upon the agreed-upon issuance
- Hire / outsource an experienced Communication / Graphic Design individual responsible for not only the defined communications but also for other items (i.e., forms, letters, reports, website, etc.).



10. Process Name: Retiring Member Benefit Calculations

Overview / Description:

Members based on a conversation with staff will often request a benefit estimate. These estimates can either be simple (basic) or detailed depending on the information provided, the accuracy of their data or how close the member is to potential retirement. Members regularly schedule an appointment prior to retirement and the Pension Trust prefers that this is done 90-days prior to retirement; however the Pension Trust is accommodating and will handle appointments up to the date of retirement. During the appointment the member and staff discuss the retirement process, etc. and often complete the required forms during the counseling session. Once the forms are processed, a report is provided to the Board authorizing the retirements for the month. The member's record is converted from active to retired and a payroll record is established.

Volume / Metrics: 20 retirements a month

As-Is Process Concerns / Pain-Points:

- The RAD system is unable to back-date transactions
- The user-id performing the transaction is stored within the database; however it is not visible to the users on the screen. Therefore staff is unaware of exactly who processed the benefit calculation and/or retirement.

Best Practices:

- Business rules and calculations should be an inherent part of core pension administration system
- Counseling sessions should be requested / scheduled through the use of automated scheduling system
- The conversion of a member's active account to a retirement account; including the corresponding general ledger transactions should be an inherent part of core pension administration system
- User-id and date-time stamps on all transactions should be an inherent part of core pension administration system.



11. Process Name: Death

Overview / Description:

The death of a member / retiree is often not reported to the Pension Trust and therefore research must be performed to find out about deceased members / retirees. A 3rd party entity (i.e., Small World Systems) receives a file from the Pension Trust once a year of all their members / retirees. That file is used by Small World Systems in an attempt to identify matches for deceased. Once a week an e-mail is sent to the Pension Trust informing them of whether there were any matches or not. If a match is found – the Pension Trust staff will review the record in RAD, pull the member's / retiree's file and notify accounting of the deceased. A death benefit worksheet is then prepared.

If the individual was an active member; the worksheet is used to calculate the payout. Staff then waits for the pay-period to close from the employer and then changes the member's status from active to suspense to ensure no additional interest is applied to the account. If the member was eligible for retirement the surviving spouse / child has options and they are contacted via a death letter. If the member was not eligible for retirement the account balance is paid-out.

If the individual was a retiree; the Pension Trust staff will review the record in RAD, pull the retiree's file and notify accounting of the deceased. A death benefit worksheet is then prepared. A letter is sent to the estate / survivor / beneficiary along with various forms. Due to timing issues, often there is a need to collect overpayment of benefits. Once overpayments have been collected any ongoing survivor payments are then issued.

Volume / Metrics: 3 active member deaths a year and 25 retiree deaths a year.

As-Is Process Concerns / Pain-Points:

- The current legacy system, RAD does not calculate death payments
- Currently do not store phone numbers and/or e-mail addresses and therefore attempting to contact the estate and/or survivors is often difficult.

Best Practices:

- Business rules and calculations should be an inherent part of core pension administration system
- Beneficiary and survivor information should be stored and maintained within the system
- Communication and display of information (i.e., beneficiary, address, e-mail, etc.) should be on the annual member statement, website, etc. to ensure accuracy and update.



12. Process Name: Terminated Member Counseling

Overview / Description:

Members often contact the Pension Trust inquiring about quitting their jobs and the options / alternatives available to them. They have three (3) choices: the member can leave their money on deposit if vested, they can request a cash distribution / rollover, or they can establish reciprocity.

Volume / Metrics: Leave on Deposit (30 a year), Distribution (300 a year), Establish Reciprocity (35 a year)

As-Is Process Concerns / Pain-Points:

- It takes anywhere from 4 to 6 weeks to receive a member's final recurring contribution posting and associated adjustments; delaying the distribution.

Best Practices:

- Continuous education and counseling about the alternatives available to members upon termination of employment.



13. Process Name: Deferred Compensation

Overview / Description:

The County offers a 457 Plan (Empower formerly Great West Retirement System is the Deferred Compensation provider); however the Pension Trust provides the administration due to an easier, more consistent, one-stop customer service experience for the member. Employees are aware of the 457 Plan due to various pamphlets, new hiring process and proactive employment endeavors by the County. The County payroll / HR system (SAP) handles the enrollment into the 457 Plan and then members maintain their own investments directly with Empower.

Volume / Metrics: Approximately 1600 of the 2500 members are part of the Deferred Compensation plan. Approximately 20 new enrollments processed each month.

As-Is Process Concerns / Pain-Points:

- None

Best Practices:

- None



14. Process Name: Terminations

Overview / Description:

Members that terminate employment, or change employment status from permanent to temporary, complete a termination election form and submit it to the Pension Trust. The form is verified for completeness, various appropriate signatures, notarizations, etc. A special account type called “Suspense” is for those members that terminate employment, or change employment status from permanent to temporary, and who are not vested and have left their money on account. Those flagged as “Suspense” are not eligible for ongoing interest.

At the point of termination if the member is vested RAD set the account type to Reserve.

Volume / Metrics: 5 a pay-period; or approximately 150 a year.

As-Is Process Concerns / Pain-Points:

- The RAD system does not have the ability to age Suspense accounts.

Best Practices:

- Use of Customer Relationship Management (CRM) to track the termination dates of the “Suspense” accounts along with distribution and receipt of correspondence, etc.



15. Process Name: Recurring Payroll (Pension Payroll)

Overview / Description:

The Pension Trust executes their recurring payroll each month for their retirees. The process is performed by Retirement Program Specialists and QA'd by Accounting. The generated payroll produces various control and reconciliation reports; one of which is the Payroll Variance Report which is used to compare RAD to the source records. The generation of the payroll takes approximately 1-hour, each variance reports about 45-minutes; and the actual printing process for the checks and advices about 6-hours.

Volume / Metrics: 2,500 retirees

As-Is Process Concerns / Pain-Points:

- Overall process takes around 8-hours
- There is double / triple checking of information due to system and data related concerns
- Unable to generate a “pre-note” prior to the execution of the Recurring Payroll
- Batch Job processing provides no indication (i.e., visual clue) to staff working in the system
- Paperless statements / advices is a new feature within RAD – and is being tested and fine-tuned
- Unable to perform “catch-up” or missed payments as part of the recurring payroll process; currently have to be done in a non-recurring / off-cycle process
- Data issue with pre-tax and post-tax contributions
- Re-issuing and/or Re-printing of checks is a problem
- Re-issuing and/or Re-printing an ACH for a failed ACH is a problem.

Best Practices:

- System performance requirements should be outlined and met
- Quality Assurance is a must; however double and triple checking should be reviewed and analyzed to find the true source of the problem and correct it globally (if possible) instead of on a case-by-case basis
- Batch job and batch job scheduling should be an inherent part of core pension administration system; or 3rd party software.



16. Process Name: Non-Recurring Payroll (Refunds and Ad-Hoc)

Overview / Description:

The Pension Trust executes their non-recurring payroll every other week to handle refund payments and any other ad-hoc payments required. The process is performed by Retirement Program Specialists and QA'd by Accounting. The generated payroll produces various control and reconciliation reports; one of which is the Payroll Variance Report which is used to compare to the source records. The cutoff date for processing is end of day Wednesday, the review and generation occurs on Thursday and then the payments / printing of checks occurs on Friday.

Volume / Metrics: Approximately 20 non-recurring payments each pay-period.

As-Is Process Concerns / Pain-Points:

- The RAD system cannot handle health insurance deductions on retroactive monthly benefit payments.

Best Practices:

- System performance requirements should be outlined and met
- Quality Assurance is a must; however double and triple checking should be reviewed and analyzed to find the true source of the problem and correct it globally (if possible) instead of on a case-by-case basis
- Batch job and batch job scheduling should be an inherent part of core pension administration system; or 3rd party software.



17. Process Name: Power of Attorney

Overview / Description:

On a rare occasion a member / retiree will submit a Power of Attorney form to represent their best interest. The form is received by the Pension Trust and forwarded to their external legal counsel for review. If valid, a high visibility note is entered within the legacy system, RAD indicating that a Power of Attorney exists for this member / retiree.

Volume / Metrics: Unknown.

As-Is Process Concerns / Pain-Points:

- None

Best Practices:

- Flags and/or Notifications – such as POA, VIP, Lien, Frozen Account, etc. should be an inherent part of core pension administration system.



18. Process Name: IRS 415 Limits

Overview / Description:

The identification and tracking of members / retirees over or near the IRS 415 limit is currently processed manually today by the Pension Trust. Staff periodically reviews those members / retirees with high salary and/or balances as to what their benefit is versus what is allowable. The Pension Trust's actuary also reviews those members / retirees to see if they exceed the limit. This information is reviewed via a report that is generated each year.

Volume / Metrics: There is currently 1 retiree over the limit and approximately 12 members / retirees near the limit.

As-Is Process Concerns / Pain-Points:

- None

Best Practices:

- IRS Limits, including the tracking, flagging and notification should be an inherent part of core pension administration system.



19. Process Name: Cost of Living Adjustment (COLA)

Overview / Description:

Annually, the Pension Trust provides a cost of living adjustment (COLA) that varies dependent on the COLA group and the Pension Tier of the retiree.

Volume / Metrics: Unknown

As-Is Process Concerns / Pain-Points:

- Limited or lack of accurate, historic data for ad-hoc COLAs
- Impacts the recalculation of COLAs for continuing survivors.

Best Practices:

- Business rules and calculations should be an inherent part of core pension administration system
- Data Cleansing needs to be performed to identify data issues / anomalies and create strategies for correction and clean-up.



20. Process Name: Deferred Retirement Option Plan (DROP)

Overview / Description:

The members of the Pension Trust may voluntarily participate in DROP. The Pension Trust is responsible for administering eligibility and participation in the DROP program.

Volume / Metrics: There are approximately (60) Retirees out of 2500 that participate in the DROP program

As-Is Process Concerns / Pain-Points:

- None

Best Practices:

- None