



Priorities and Action Plan Fiscal Year 2022 Final Results

Each year, SDCERS develops a high priority Action Plan to support SDCERS' Mission, Vision, and Priorities as shown below. An Action Plan is typically above and beyond the regular daily business conducted by staff and may take more than one year to complete. The number of priorities and supporting Action Plan items in any given year is based on the needs of the organization, the Board of Administration, and the participants in SDCERS.

SDCERS Mission

To deliver accurate and timely benefits to its participants and ensure the Trust Fund's safety, integrity, and growth.

SDCERS Vision

To be an independent, leading edge, financially sound, well-governed, and transparent pension plan.

SDCERS Core Values

Customer Service | Accountability | Professionalism | Fiduciary | Integrity | Transparency

Priorities and Action Plan for Fiscal Year 2022: Final Results

1. Continued Pursuit of Excellence in Serving Our Members

Supporting Action Plans:

a. Proposition B: City Plan Re-Opening

As of July 9, 2021, the City's pension plan re-opened to new hires due to the invalidation of Proposition B. However, the process of unwinding Proposition B with respect to all non-sworn City employees initially hired between July 20, 2012 and July 9, 2021 has been an ongoing process. Throughout FY 2022, the City and relevant labor unions continued negotiations that culminated in the following, as of June 30, 2022: All MEA, Local 127, and unrepresented Proposition B employees had to make a decision to either remain in the City's revised SPSP-H plan or to join SDCERS by converting all or a portion of their SPSP-H accounts into eligible service credit; all Proposition B employees represented by the DCAA, Local 145, or Teamsters 911 were automatically enrolled in SDCERS and converted all or a portion of their SPSP-H accounts into service credit as of July 9, 2022. While not a party to negotiations, SDCERS has worked tirelessly alongside the City throughout the fiscal year to revise the Municipal Code accordingly; coordinate

the process of such employees retroactively joining the plan; and educating these employees regarding their new pension benefits.

b. Operational Best Practices

This multi-year project encompasses nearly the entire organization and is critical to our long-term success to deliver accurate and timely member service. This effort analyses existing processes by looking for efficiencies, identifying new workflows, and inactivating obsolete ones. Each review concludes with a process narrative to fully document the process and rules existing within and outside the computer system. During the past year we made substantial progress reviewing and implementing changes within our Pension Administration System. It is anticipated the analysis of all business process will be complete in the coming fiscal year.

c. Increase Member Portal Registrations

SDCERS continues to promote Member Portal registration in various ways, such as announcements at webinars and advertisements in our newsletters, website articles, and Facebook posts. Even with the challenges of the COVID-19 pandemic, we met our target and increased registrations to 67% of all members. In FY 2023, with the addition of all of the Proposition B members, we anticipate a significant increase in registration.

d. Post Member “How-To” Videos on SDCERS’ Website

SDCERS focused its member communication resources on member education, particularly with respect to Proposition B. We added one new video to our website, which was also a mandatory training for most Proposition B employees via Success Factors – this video is lengthier than the others we have created, as it is about a 40-minute presentation explaining how the pension plan would work for an employee affected by Proposition B who joins the system. We expect to reenergize our video development program efforts in FY 2023.

e. New Member Orientations

SDCERS has an established process for incoming members, who receive a “Welcome Packet” upon entry into the system. SDCERS also has an ongoing working relationship with the San Diego Police Department, who includes SDCERS as a presenter during their new recruit orientations. SDCERS created an approximately 40-minute long presentation video recording geared towards Proposition B employees that was a mandatory training in Success Factors for such employees prior to their joining the system. Now that the City’s plan is reopened to new hires, we plan to work with the City to require all new hires to watch a similar presentation as a mandatory training upon hire. We hope to accomplish this in FY 2023. SDCERS and the San Diego Regional Airport Authority’s jointly developed a New Airport Member Orientation program that we expect will be re-implemented when their hiring volume increases in FY 2023.

2. Continued Focus on Data Accuracy and System Integrity

Supporting Action Plans:

a. Develop Deduction Agency Portal

The Deduction Agency Portal has been built and is being utilized by one of the SDCERS Deduction Agencies. Additionally, SDCERS staff is able to utilize the advanced features on the Portal when processing monthly payee deductions. We have received some valuable feedback on how the deduction process is working and anticipate getting the remaining Deduction Agencies using the Portal in FY 2023.

b. Update Beneficiary Membership Data

Staff engaged in a holistic review of the beneficiary process and reevaluated the member communications, beneficiary election forms, staff procedures, and member database accuracy. This project was substantially completed and procedures were implemented to ensure a comprehensive approach to ongoing outreach to members.

3. Continued Pursuit of Investment Program Excellence

Supporting Action Plans:

a. Risk Reduction Analysis

The Risk Reduction Analysis was undertaken with the goal of evaluating the conditions that could necessitate reducing risk in SDCERS' investment portfolio. At the onset of the analysis, SDCERS was largely closed to new participants. SDCERS has since reopened to new participants and this action changed the liability profile of the plan. The Risk Reduction Analysis culminated in the 2022 Asset-Liability Study, which was presented to SDCERS' Board of Administration in March 2022. The Asset-Liability Study included the most up-to-date projections of the impact of the reopening on the plan's liabilities. The results of the study reaffirmed that SDCERS' current mix of 78% return-seeking assets and 22% risk-mitigating assets continues to be appropriate for the plan.

b. Risk Attribution Study

Risk attribution is a methodology to identify the sources of risk in the investment portfolio. Understanding the source of various risk factors improves investment decisions and facilitates the evaluation of risk contributors. The Risk Attribution Study was completed in FY 2020 and served as a foundation for the Risk Reduction Analysis that was completed in FY 2022.

4. Continued Leadership in Pension System Governance

Supporting Action Plans:

a. Actuarial Funding

The SDCERS Mission is to deliver accurate and timely benefits to its participants and ensure the trust fund's safety, integrity, and growth. To achieve this mission, many business operations must be executed successfully. The first and foremost is achieving 100% actuarial funding. This will be accomplished through the use of actuarial experts to calculate the required employer and employee contributions and providing the Board recommendations on long term assumptions and methodologies. The Board reviewed and approved the independent actuary's report at their March 2022 meeting.

b. Compliance Program

Staff administers SDCERS in compliance with plan documents, Board policy, and the law. Each operational area is responsible for these efforts within their scope of control. In FY 2022, staff implemented best practices as recommended by SDCERS' outside consultant. These practices included collaborating with plan sponsors on compliance efforts, sharing SDCERS' efforts with third parties, and beginning an operational tax compliance review.

c. Create a Quality Assurance Program

SDCERS' efforts to have dedicated quality assurance program in our benefit administration work group, in order to facilitate a more efficient and effective use of resources resulting in better customer service, has been removed from the Action Plan to dedicate staff to re-opening of the City plan and to dedicate staff to the successful completion of the Action Plan's Operational Best Practices project.

d. SDCERS Values

Each organization operates with its own business culture based upon a common set of values. Expressing our organization's values provides SDCERS a meaningful tool to shape our culture and improve our ability to meet our mission. SDCERS Core Values influence how we make decisions and are the essence of SDCERS' identity. They communicate to our members, plan sponsors, Board, staff, and business partners what is important in how we conduct business. The SDCERS Board members and staff identified its Core Values as – Customer Service, Accountability, Professionalism, Fiduciary, Integrity, and Transparency. During the year we continued our integration efforts by weaving them into our non-represented employee performance evaluations, company meetings, and various internal and external presentations made to our stakeholders and community groups.

e. Develop a Privacy Program

SDCERS is committed to safeguarding personal privacy. Individual trust in the privacy and security of personally identifiable information is a foundation of public pension plan administration best practices. SDCERS assigns a high priority to privacy considerations in all systems, programs, and policies. SDCERS is pleased to report our Privacy Program is fully operational and being championed by our Privacy Officer. During the year we performed a peer review of SDCERS' program and implemented recommendations from a privacy audit, which included data mapping SDCERS' sensitive information.

f. SDCERS Recognition

SDCERS received the Public Pension Coordinating Council (PPCC) 2021 Public Pension Standards Award for Funding and Administration along with the Government Finance Officers Association (GFOA) 2021 Comprehensive Annual Financial Report and 2021 Popular Annual Financial Report Awards. The Municipal Information Systems Association of California (MISAC) bestowed SDCERS with their prestigious Quality Information Technology Practices Award.

Fiscal Year 2022 Other Notable and Significant Accomplishments

The most notable accomplishment over the past year not included on the Action Plan was successfully delivering member services utilizing our decentralized Board and staffing plan. The decentralized plan has allowed SDCERS to create and maintain a safe working environment for those staff who are required to work in the office. Since the SDCERS office closed in March 2020 to in-person meetings due to the COVID-19 pandemic, our SDCERS team continues to overcome unexpected challenges in communicating and serving our members. SDCERS looks forward to leveraging the lessons learned on how to successfully serve our members remotely when we re-open the office to in-person meetings in FY2023.

We each take responsibility for the summary of SDCERS' Fiscal Year 2022 Action Plan results. We are proud of these accomplishments, none of which could have been achieved without the sustained efforts of all our SDCERS colleagues.

Respectfully submitted,

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