



## **Priorities and Action Plan Fiscal Year 2020 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 2020: Final Results**

### **1. Excellence in Serving Our Members**

Supporting Action Plans:

#### **a. Post Member "How-To" Videos on SDCERS' Website**

Three educational videos were published to SDCERS' website and YouTube page in FY 2020: "SDCERS 101," "How DROP Works," and "Divorce and Community Property." We expect an additional video regarding retirement benefit options to be completed in FY 2021 or, at latest, 2022.

#### **b. Improve Member Tax Reporting Process**

The 2018 snow storm that delayed USPS mail service for our retirees receiving their 1099R tax forms provided a good opportunity to explore how SDCERS could further expedite tax form mailing. While SDCERS has always mailed the 1099R tax forms prior to the IRS January 31<sup>st</sup> deadline, we found added efficiencies internally and with our mailing vendor to set the mail date even sooner. Additionally, we improved the timeline to post the electronic tax form version on the SDCERS secure member portal. Although

we cannot fully mitigate the effects of mother nature, we are pleased to have expedited mailing the tax forms and for the USPS to have successfully delivered the tax forms timely in the current year.

**c. Review Website Content to Increase Member Access to Online Resources and Information**

SDCERS is constantly looking for new ways to educate members about their pension benefits. A key method of supplying information is by adding new and updated materials to SDCERS' website. New and updated features include:

- Two articles headlined on the home page;
- Expanded FAQ section;
- Easy access to summaries of each retirement plan tier;
- Fact sheets on topics such as reciprocity, death benefits, retirement benefit options, 1099-R form, DROP, and more;
- New educational videos;
- Restructured Financials & Investments tab;
- Updated and reorganized City retiree health enrollment section; and
- Additional guides regarding the effect of divorce and community property on pension benefits.

**d. Increase Member Portal Registrations**

Due to the COVID-19 pandemic, we were unable to mail the promotional postcards planned for active and retired members. Fortunately, we found other ways to promote Member Portal registration in various ways, such as announcements at seminars and webinars, and in our newsletters, website articles, and Facebook posts. Even with the challenges of the COVID-19 pandemic, registration increased to nearly 65% of all members in FY 2020.

**e. Identify and Implement Process Improvements for Internal Workflow**

Significant progress has been made on the Internal Workflow project prior to the onset of the COVID-19 pandemic. The cross-divisional workflow report review resulted in better process report tools and standardizing our process for reviewing the remaining workflows. This is a multi-year project and we are pleased with the efforts to date.

**f. 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 the orientation period for new recruits. In FY 2020, SDCERS and the San Diego Regional Airport Authority established and executed a plan for New Airport Member Orientations.

**2. Data Accuracy and System Integrity**

Supporting Action Plans:

**a. Develop Deduction Agency Portal**

Our efforts to modernize the transfer of information between SDCERS and the Deduction Agencies it serves, such as the Retired Employees Association, is off to a good start, but due to the COVID-19 pandemic, it has been delayed until next year.

**b. Financial Accounting Software Package Upgrade**

As our financial accounting software needed to be upgraded, we thought this would be an excellent time to perform a comprehensive review of the chart of accounts, vendor accounts, and reporting structure. We are pleased to report the review streamlined our operations and the upgrade went smoothly. We are also pleased to report the independent financial statement auditors found our books to be in very good condition.

**c. Update Non-Financial Membership Data**

SDCERS continues to review member data to ensure we have the most complete and accurate information to administer plan benefits. The review and update of employment history data has been completed for all Active and Deferred Vested members, which includes entry date and breaks in service credit which may be purchasable by the member.

**d. Update Beneficiary Membership Data**

Our effort to take a holistic review of the beneficiary process and reevaluate the plan communications, beneficiary election form, staff procedures, and member database accuracy has been delayed due to the COVID-19 pandemic. This project will resume when business operations normalize.

**3. Continued Pursuit of Investment Program Excellence**

Supporting Action Plans:

**a. Conduct General Investment Consultant Search**

SDCERS Board, Investment Committee, and staff utilize the General Investment Consultant to assist with strategic and tactical investment planning; investment manager due diligence; research and recommendations; market research; portfolio monitoring, performance measurement; and compliance reporting. Pursuant to Board Rules, this relationship is bid through a Request for Proposal (RFP) process at least every five years and we are pleased to report a successful RFP process with the hiring of AON as the SDCERS General Investment Consultant.

**b. Conduct Proxy Voting Vendor Search**

SDCERS believes prudent public portfolio investment management includes establishing

proxy voting guidelines and utilizing a proxy voting service to cast domestic and international public portfolio proxy votes. We are pleased to report a successful RFP contracting process with the hiring of Glass Lewis.

**c. Implement Custodian's Alternative Investment Module**

SDCERS utilizes custodian bank services for the management of administrative operations for the public markets investment portfolio and to facilitate cash transfers. We are pleased to report the successful integration of the custodian bank's Alternative Investments Services (AIS) to track private market investments, such as private equity, infrastructure, and real estate, thus facilitating combined public market and private market analytics.

**4. Continued Leadership in Pension System Governance**

Supporting Action Plans:

**a. Create a Quality Assurance Program**

SDCERS' efforts to have dedicated quality assurance staff 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 delayed due to the COVID-19 pandemic.

**b. 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.

**c. SDCERS Recognition**

SDCERS received the Public Pension Coordinating Council (PPCC) 2019 Public Pension Standards Award for Funding and Administration along with the Government Finance Officers Association (GFOA) 2019 Comprehensive Annual Financial Report and 2019 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 2020 Other Notable and Significant Accomplishments

The most significant achievement over the past year not included on the Action Plan was successfully transitioning the organization from using a centralized Board and staffing plan to a decentralized Board and staffing plan in order to keep critical operations functional at the onset of the COVID-19 pandemic in March 2020.

The most significant unexpected challenge was keeping our most valuable resource, our staff, on the payroll and helping our members. At the onset of the COVID-19 pandemic, we had a very short time frame to establish a teleworking plan to ensure the March retiree payroll's accuracy and timeliness. While this was simple for half of the staff with existing Virtual Private Network (VPN) remote teleworking capability, it required creative VPN solutions for the remaining staff members to effectively work from home. The SDCERS "Token Buddy" program bridged the gap until critical equipment was secured and the standard VPN protocols resumed. SDCERS paid the March 2020 retiree payroll accurately and timely along with all subsequent monthly payrolls and respective healthcare reimbursements.

As the SDCERS office closed in March 2020 to in-person meetings due to the COVID-19 pandemic, our Member Services team overcame new unexpected challenges in communicating and serving our members. These were successfully addressed through creating new Retirement Webinars, Phone Counseling, and leveraging our website's Contact Us communication tool.

We each take responsibility for the summary of SDCERS' Fiscal Year 2020 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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