



Priorities and Action Plan Fiscal Year 2021 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 2021: Final Results

1. Continued Pursuit of Excellence in Serving Our Members

Supporting Action Plans:

a. Operational Best Practices

This multi-year project encompassing nearly the entire organization is critical to our long-term success to deliver accurate and timely member service by challenging existing workflow processing efficiencies, identifying new workflows, and inactivating obsolete workflows. Each workflow will include a process narrative to fully document the process and rules existing within and outside of the computer system. During the year we made substantial progress and should complete the member service related operations in the coming fiscal year.

b. 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 exceed our

target and increased registrations to 67% of all members. When the invalidation of Prop B is ultimately resolved, we anticipate a significant registration increase as all active Prop B employees become SDCERS members.

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

SDCERS focused its member communication resources on updating the Member Portal and other aspects of the SDCERS website. We expect to reenergize our video development program efforts in FY 2022.

d. 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 orientation. SDCERS is preparing a City New Member Orientations for Prop B employees for when they join SDCERS in FY 2022. The SDCERS and the San Diego Regional Airport Authority’s jointly developed New Airport Member Orientation program will be implemented when their hiring volume increases in FY 2022.

2. Continued Focus on 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 FY2022.

b. 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. 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 evaluating a risk reduction framework. This study was completed in FY 2020 and will be a foundation for the Risk Reduction Analysis to be completed in FY 2022.

b. Risk Reduction Analysis

SDCERS, as a maturing plan, will have the ratio of active workers paying contributions into the plan continuing to decline compared to the growing number of retirees receiving benefits from the plan. This expected cash flow condition increases the relative reliance on the investment portfolio to fund plan liabilities and amplifies the importance to mitigate investment return volatility in order to facilitate two of the Board’s four funding objectives: “Stable and Predictable Costs” and “Cost Sustainability.” A Risk Reduction Analysis will evaluate conditions that may necessitate reducing portfolio risk in an effort to improve the ability to maintain stable plan funding and protecting the corpus of the trust through various economic cycles. The project is substantially complete and will be presented to the Board of Administration in FY2022.

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, adjusted assumptions and methodologies as needed, and revised contribution rates.

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 2021 the Board adopted a Compliance Program Charter developed by General Counsel with the support of an expert compliance consultant, adopted an employee code of conduct, and reviewed the inaugural Annual Compliance Program Board Report.

c. 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.

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 Rewards and Recognition Program and non-represented performance evaluations.

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 reevaluated the program to ensure it remains relevant to operational conditions, continued privacy training and communications, and arranged for a rigorous peer review audit.

f. SDCERS Recognition

SDCERS received the Public Pension Coordinating Council (PPCC) 2020 Public Pension Standards Award for Funding and Administration along with the Government Finance Officers Association (GFOA) 2020 Comprehensive Annual Financial Report and 2020 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 2021 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.

We each take responsibility for the summary of SDCERS' Fiscal Year 2021 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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