



What gets measured
gets managed

North Carolina Retirement Systems Pension Administration Benchmarking Results

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Key Takeaways:

Cost

- Your total pension administration cost of \$23 per active member and annuitant was \$75 below the peer average of \$98 and among one of the lowest in CEM's global universe.
- Your costs were below median primarily because your lower costs per FTE and lower support costs per member.
- Your costs have remained steady between 2013 and 2019.

Service

- Your total service score was 73. This was below the peer median of 78.
- Your service score increased from 69 to 73 between 2013 and 2019.

72 leading global pension systems participate in the benchmarking service.

Participants

United States

Arizona SRS
CalPERS
CalSTRS
Colorado PERA
Delaware PERS
Florida RS
Idaho PERS
Illinois MRF
Indiana PRS
Iowa PERS
KPERS
LACERA
Maryland SRPS
Michigan ORS
Nevada PERS
North Carolina RS
NYC ERS
NYC TRS
NYSLRS
Ohio PERS
Oregon PERS
Pennsylvania PSERS
PSRS PEERS of Missouri

South Dakota RS
STRS Ohio
Texas MRS
TRS Illinois
TRS Louisiana
TRS of Texas
Utah RS
Virginia RS
Washington State DRS
Wisconsin DETF

Canada

APS
BC Pension Corporation
Canadian Forces PP
FPSPP
LAPP
OMERS
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP
SHEPP

The Netherlands*

ABN Amro PF
ABP
bpfBOUW
BPF Levensmiddelen
BPL Pensioen
Metaal en Techniek
PF PWRI
PF Vervoer
PFZW
Rabobank PF
Shell PF

United Kingdom*

Armed Forces PS
BSA NHS Pensions
BT Pension Scheme
Lothian Pension
Greater Manchester PF
Local Pensions Partnership
Merseyside PF
Pension Protection Fund
Principal Civil Service
Railways Pension Scheme
Royal Mail Pensions
South Yorkshire PF
Teachers' Pensions
Tyne & Wear PF
USS
West Midlands Metro
West Yorkshire PF

* Systems in the UK and most systems in the Netherlands complete different benchmarking surveys and hence your analysis does not include their results.

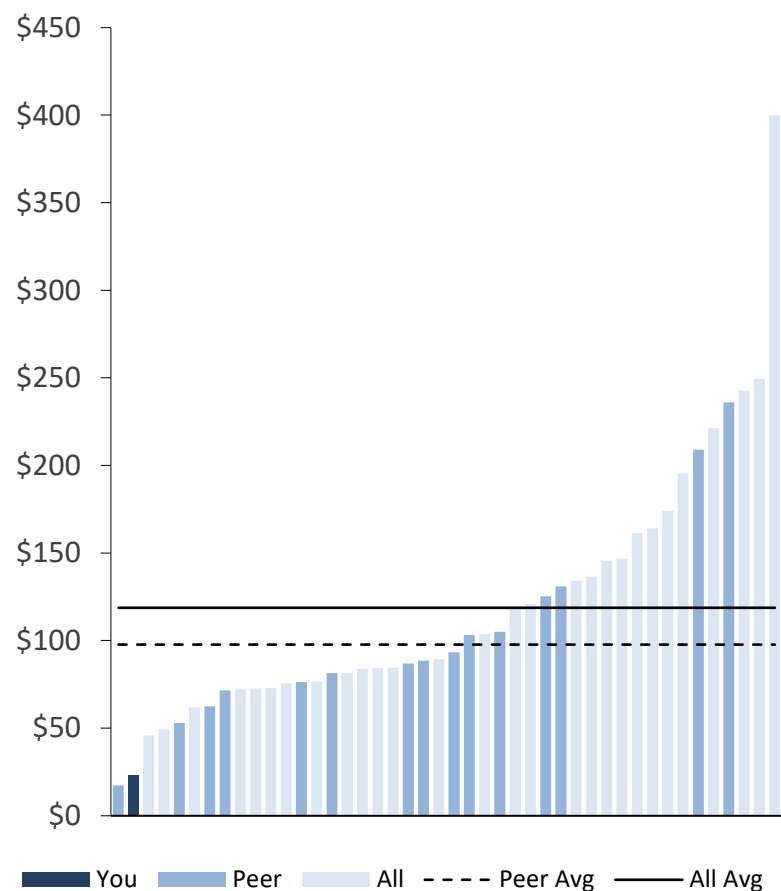
The custom peer group for North Carolina RS consists of the following 16 peers:

Custom Peer Group for North Carolina RS			
Peers (sorted by size)	Membership (in 000's)		
	Active Members	Annuityants	Total
CalPERS	877	715	1,592
Florida RS	646	458	1,104
NYSLRS	534	482	1,015
North Carolina RS	472	322	794
CalSTRS	461	305	766
Virginia RS	346	215	561
Washington State DRS	330	194	524
Ohio PERS	304	215	519
Michigan ORS	190	280	470
Wisconsin DETF	258	209	467
STRS Ohio	210	160	370
Arizona SRS	208	155	363
Colorado PERA	242	121	362
Oregon PERS	177	152	329
Illinois MRF	178	136	314
Iowa PERS	172	124	296
Peer Median	281	212	495
Peer Average	350	265	615

Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than either active members or annuityants.

Your total pension administration cost of \$23 per active member and annuitant was \$75 below the peer average of \$98 and among one of the lowest in CEM's global universe.

Pension Administration Cost Per Active Member and Annuitant



	\$000s	\$ per Active Member and Annuitant	
Category	You	You	Peer Avg
<u>Front office</u>			
Member Transactions	3,787	5	12
Member Communication	4,160	5	18
Collections & Data Maintenance	1,392	2	8
<u>Governance and support</u>			
Governance and Financial Control	2,151	3	7
Major Projects	0	0	7
Information Technology	4,675	6	26
Building	197	0	6
Legal	761	1	4
HR, Actuarial, Audit, Other	1,384	2	10
Total Pension Administration	18,507	23	98

Your total pension administration cost was \$18.5 million. This excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$0.4 million.

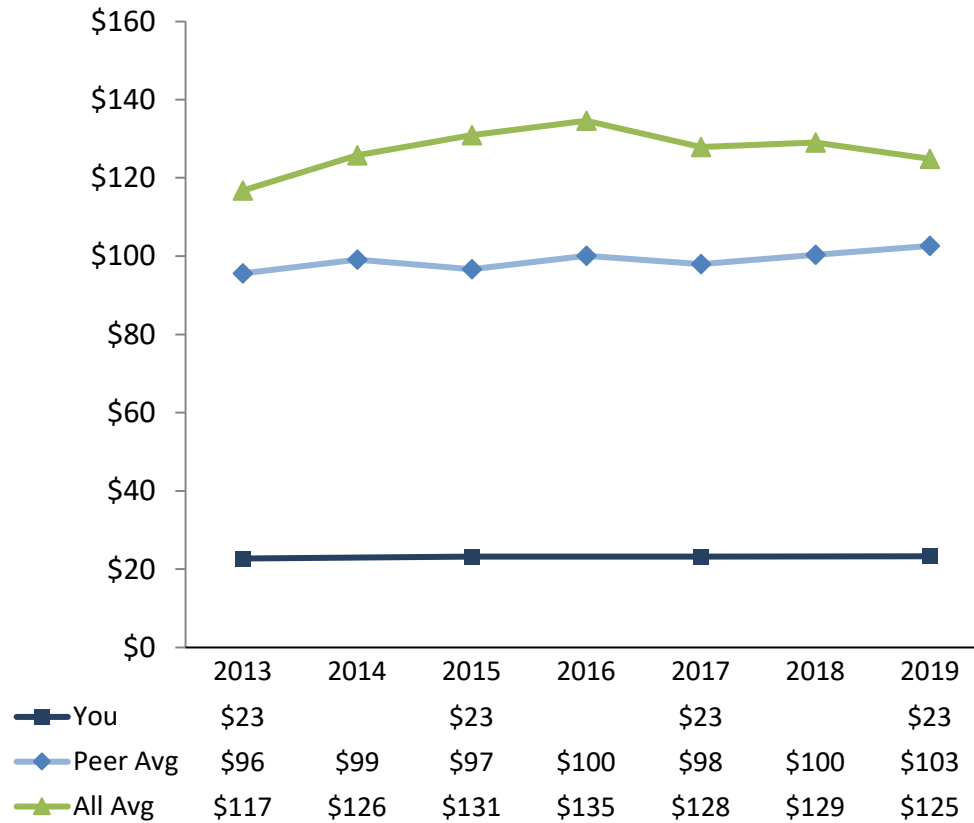
Reasons why your cost per member was \$75 below the peer average:

Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front-office FTE per 10,000 members	2.1 FTE	3.5 FTE	-\$8
2 Lower third party costs per member in the front-office	\$1	\$6	-\$5
3 Lower costs per FTE			
Salaries and Benefits	\$56,568	\$93,144	
Building and Utilities	\$1,085	\$11,354	
HR	\$1,037	\$4,361	
IT Desktop, Networks, Telecom	<u>\$4,097</u>	<u>\$14,536</u>	
Total	\$62,786	\$123,396	-\$33
4 Lower support costs per member ¹			
Governance and Financial Control	\$3	\$6	
Major Projects	\$0	\$7	
IT Strategy, Database, Applications	\$5	\$16	
Actuarial, Legal, Audit, Other	<u>\$3</u>	<u>\$10</u>	
Total	\$10	\$39	-\$29
Total			-\$75

1. To avoid double counting, Governance and support costs are adjusted for differences in cost per FTE.

Cost Trends

Trend in Total Pension Administration Costs

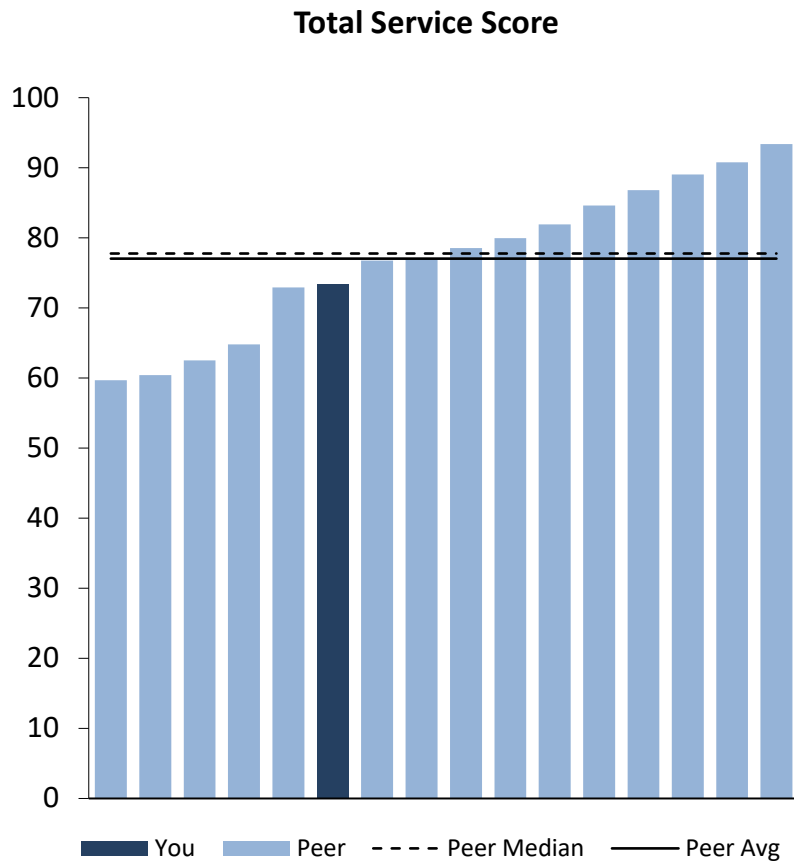


Between 2013 and 2019 your total pension administration cost per active member and annuitant was unchanged .

During the same period, the average cost of your peers with 7 consecutive years of data increased 1.2% per annum.

Trend analysis is based on systems that have provided 7 consecutive years of data (15 of your 16 peers and 36 of the 44 systems in the universe).

Your total service score was 73. This was below the peer median of 78.



Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Service Scores by Activity			
Activity	Weight	You	Peer Median
1. Member Transactions			
a. Pension Payments	10.0%	100	100
b. Pension Inceptions	7.4%	81	89
c. Refunds & Transfers-out	1.3%	90	95
d. Purchases & Transfers-in	3.1%	95	90
e. Disability	3.8%	91	82
2. Member Communication			
a. Call Center	21.0%	53	63
c. 1-on-1 Counseling	7.4%	36	85
d. Member Presentations	6.5%	95	100
e. Written Pension Estimates	4.7%	81	84
f. Mass Communication			
• Website	21.3%	87	84
• News & targeted communication	2.8%	54	79
• Member statements	4.7%	77	85
3. Other			
Customer Experience Surveying	5.0%	36	35
Disaster Recovery	1.0%	56	87
Weighted Total Service Score	100%	73	78

Examples of key service measures included in your Service Score:

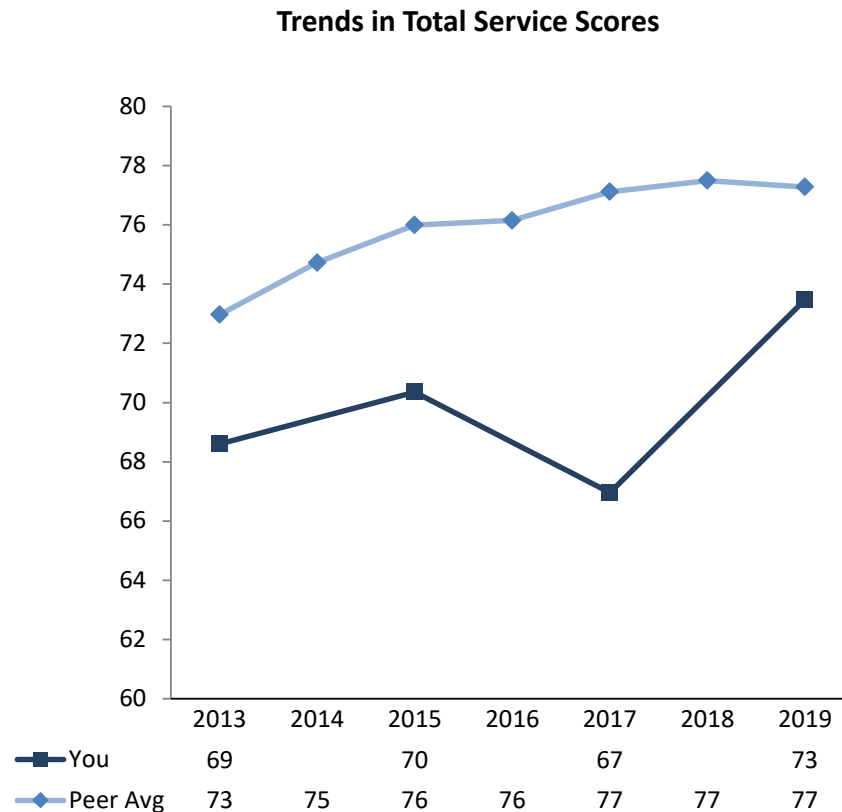
Select Key Service Metrics	You 2019	Peer Avg
<u>Member Contacts</u>		
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	12%	15%
• Average total wait time including time negotiating auto attendants, etc.	133 secs	239 secs
<u>Website</u>		
• Can members access their own data in a secure environment?	Yes	94% Yes
• Do you have an online calculator linked to member data?	Yes	81% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	15	15
<u>1-on-1 Counseling and Member Presentations</u>		
• % of your active membership that attended a 1-on-1 counseling session	0.6%	3.8%
• % of your active membership that attended a presentation	2.9%	5.5%
<u>Pension Inceptions</u>		
• What % of annuity pension inceptions are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension	82.6%	90.8%
<u>Member Statements</u>		
• How current is an active member's data in the statements that the member	5.0 mos	2.4 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	75% Yes

Where can you improve your total service score?

Potential improvements to your total service score	
Factor	Potential Improvement
11.6% of your incoming calls resulted in undesired outcomes (e.g., busy signals, messages, hang-ups). To achieve a perfect service score, members must experience no undesired call outcomes.	+ 2.0
On average, members calling your call center reach a knowledgeable person in 133 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.	+ 1.5
17.4% of your service pension inceptions experienced a cashflow interruption greater than one month. To achieve a perfect service score 100% of your service pensions must be incepted without a cashflow interruption greater than one month.	+ 1.0

- CEM is not recommending these changes. Service improvement should be cost effective and important to your members.

Your service score increased from 69 to 73 between 2013 and 2019.



Trend analysis is based on systems that have provided 7 consecutive years of data (15 of your 16 peers).

Historic scores have been restated to reflect changes in methodology. Therefore, your historic service scores may differ from previous reports.

Changes that had a positive impact:

- **Call center:** Your total wait time decreased from 421 to 133 seconds and your undesired call outcomes decreased from 23.5% to 11.6%.
- **Website:** You improved your website capabilities by adding the ability to submit a retirement application online, view status of online retirement application and register for presentations.
- **Written pension estimates:** Your turnaround time for providing estimates improved from 20 days to 3 days.

Changes that had a negative impact:

- **Call center:** Your number of menu layers increased from 1 to 4.
- **Newsletters:** Your number of newsletter segments decreased from 3 to 2 and you no longer send out personalized letters to members about to become vested for disability benefits.

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