Agenda Item 6
Attachment 1

CalPERS Fiscal Year 2012/2013 Benchmarking Results

CEM Benchmarking
What gets measured gets managed

75 global pension systems participate in CEM's administrative benchmarking service

United States

Arizona SRS
CalPERS
CalSTRS
Colorado PERA
Delaware PERS
Florida RS
Idaho PERS
Illinois MRF
Indiana PRS
Iowa PERS
KPERS
LACERA
Michigan ORS
MOSERS
Nevada PERS
New Mexico ERB
NYC TRS
NYSLRS
Ohio PERS
Orange County ERS
Oregon PERS
Pennsylvania PSERS
South Carolina PEBA
South Dakota RS
STRS Ohio
SURS Illinois
Texas MRS
TRS Louisiana
TRS of Texas
Utah RS
Virginia RS
Washington State DRS
Wisconsin DETF

United Kingdom[1]

Armed Forces Pension Schemes
BMW
BSA NHS Pension Scheme
Principal Civil Service Pension Scheme
Railway Pensions
Scottish Public Pension Agency (SPPA)
The Pension Protection Fund (PPF)
Unilever
Universities Superannuation Scheme (USS)

Canada

APS
BC Pension Corporation
Defence Canada
Federal Public Service
HOOPP
LAPP
OMERS
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP
Saskatchewan HEPP

Scandinavia

Alecta
ATP

United Arab Emirates

Abu Dhabi RPB

The Netherlands

ABP
bpfBOUW
BPF Schilders
Pensioenfonds Metaal en Techniek
Pensioenfonds van de Metalektro
PFZW
Rabobank Pensioenfonds
Stichting Pensioenfonds Medisch Specialisten

Australia[1]

AustralianSuper
BUSS(Q)
CBUS
First State Super
HESTA
QSuper
REST
StatewideSuper
SunSuper
VicSuper

1. Systems from Australia and the UK complete separate benchmarking surveys and hence your analysis does not include their results.

CEM Benchmarking

Your peer group is comprised of 5 of the largest, more-complex U.S. participants

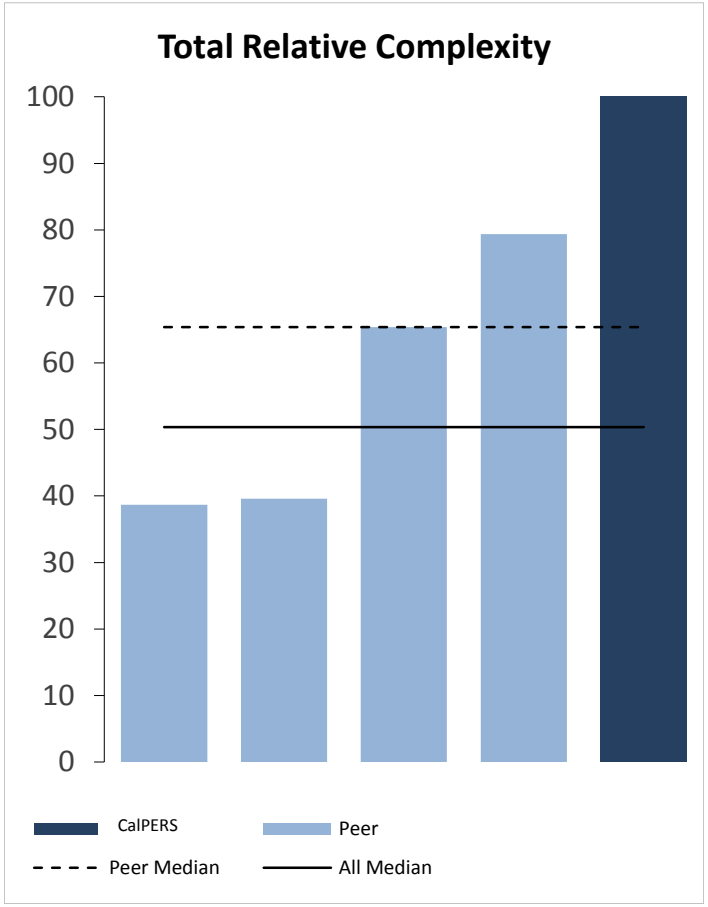
Peer	Total Active Members and Annuitants
CalPERS	1,326,000
TRS of Texas	1,195,000
Florida RS	1,001,000
NYSLRS	942,000
CALSTRS	684,000

CEM Benchmarking

What was materially unique about CalPERS in 2012/2013?

- Transition to mylCalPERS
- Implementation of California Public Employees' Pension Reform Act (PEPRA)

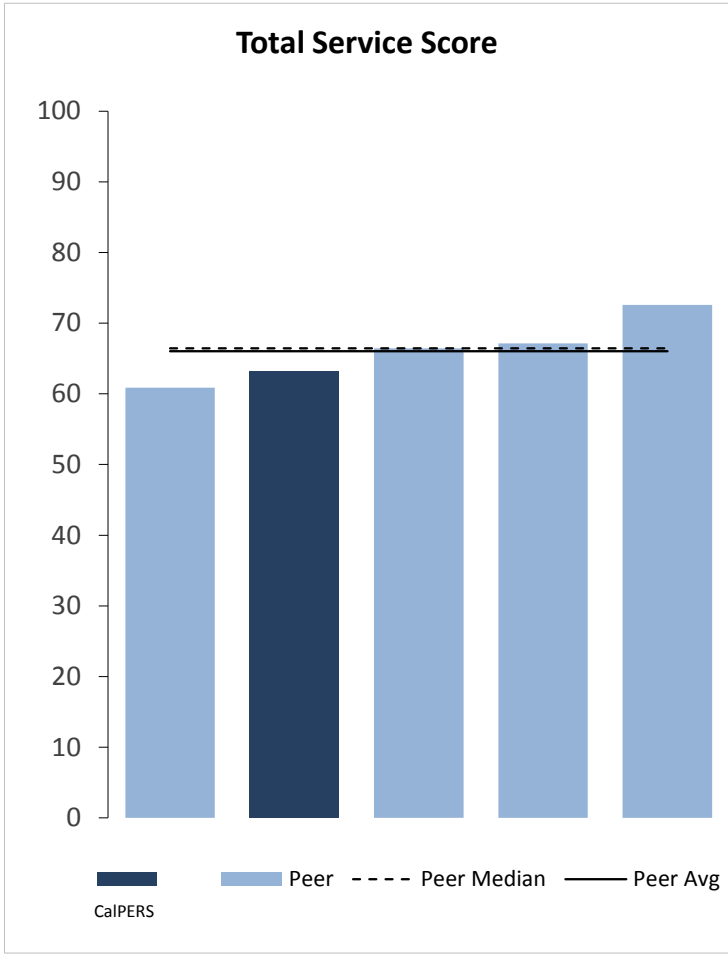
CalPERS' had the highest complexity in CEM's global database



- The complexity score takes into account rules, options provided, contribution rates, benefit formulas and other factors.
- Significant Impact of complexity:
  - Increases costs, particularly major projects and IT
  - Reduces front-office productivity
  - Impacts service

CEM Benchmarking

Your total service score was 63. This was very close to the peer average of 66.



Service Scores by Activity

Activity	Score out of 100 You	Score out of 100 Peer Avg
1. Member Transactions		
a. Pension Payments	100	98
b. Pension Inceptions	65	75
c. Withdrawals and Transfers-out	90	64
d. Purchases and Transfers-in	0	45
e. Disability	45	60
2. Member Communication		
a. Call Center	30	35
c. 1-on-1 Counseling	82	76
d. Member Presentations	91	69
e. Written Pension Estimates	44	67
f. Mass Communication		
a. Website	86	71
b. Newsletters	80	87
c. Member statements	53	80
d. Other mass communication	21	49
3. Other		
Satisfaction Surveying	39	18
Disaster Recovery	66	76
Weighted Total Service Score	63	66

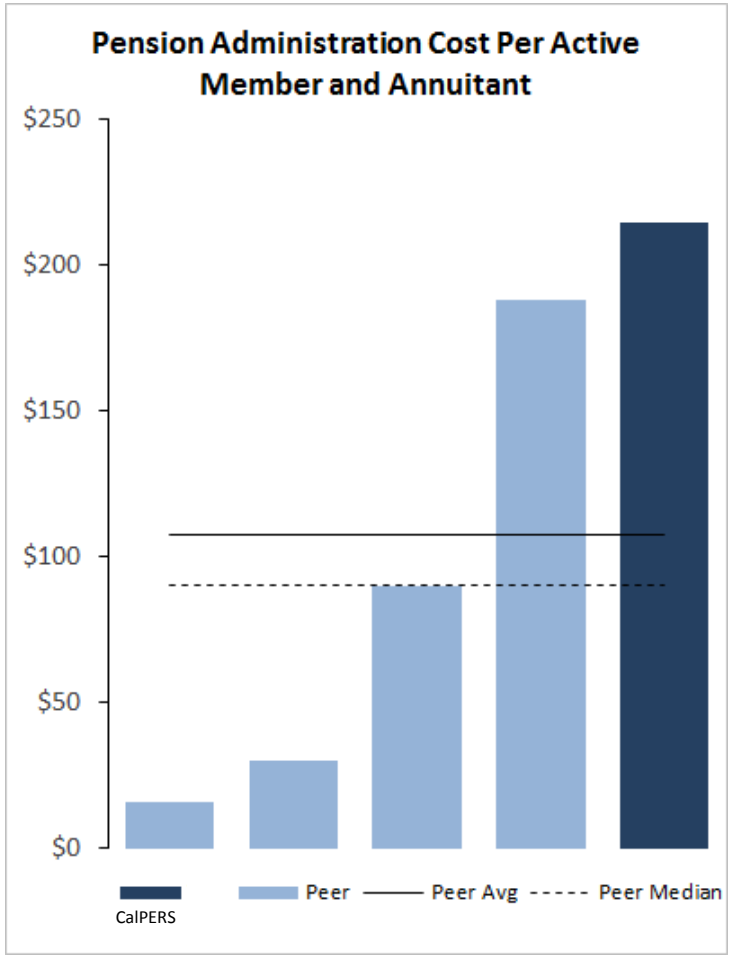
CEM Benchmarking

Examples of key service measures included in your service score:

Select Key Service Metrics	You	Peer Avg
Member Contacts		
• % of calls resulting in undesired outcomes (busy signals, messages, hang-ups)	27%	28%
• Average total wait time including time negotiating auto attendants, etc.	577 secs	481 secs
Website		
• Can members access their own data in a secure environment?	Yes	100% Yes
• Do you have an online calculator linked to member data?	Yes	60% Yes
• # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc.	12	8
1-on-1 Counseling and Member Presentations		
• % of active membership that attended a counseling session	10.3%	5.4%
• % of your active membership that attended a presentation	6.0%	2.9%
Pension Inceptions		
• 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 check?	84.0%	93.4%
• What % of annuity pension inceptions were initiated online?	11%	22%
Member Statements		
• How current is an active member's data in the statements that the member receives?	4.0 mos	2.6 mos
• Do statements provide an estimate of the future pension entitlement?	No	80% Yes

CEM Benchmarking

Your total pension administration cost of $215 per active member and annuitant was above the peer average of $108



- CalPERS cost of $215 per member equals was $284.8 million
- It excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of $92.6 million.

CEM Benchmarking

Comparison of your costs by activity category

Activity category	$s per Active Member and Annuitant		
	You	Peer Avg	Diff.
Front Office			
Member Transactions	27	18	9
Member Communication	19	14	4
Collections and Data	14	7	7
Back Office			
Governance, Financial Control	20	8	12
Major Projects	46	15	30
Information Technology	46	19	27
Support Services and Other	44	27	17
Total Pension Administration	215	108	107

- Most of your above average cost was in back office activities.
- CalPERS' global-highest complexity impacts all of its costs. But it impacts major projects and information technology most.

CEM Benchmarking

What did you receive for your IT and Major Project spending? What was the benefit?

- What you received:
  - Member Self-Service Capabilities
  - Changes required to implement PEPRA
  - Better security and data
  - Timelier processing
  - Integrated I.T. platform
- Benefit:
  - Enhance Customer Experience
  - Pension Reform Compliance
  - Reduce Risk Profile
  - Deliver Operational Efficiencies
  - Improve Total Cost of Ownership

The future

- Service scores are expected to improve
  - Transactions - Improved turnarounds
  - Calls – Improved wait times
  - Quality indicators – More satisfaction surveying
  - Increased self-service functionality and options
- Service scores will continue to be negatively impacted by complexity
  - Calls – 3 menu layers is optimal routing given specialization
  - Transactions – Turnarounds delayed by complexity
- Costs
  - In FY 13/14, reduced mylCalPERS project expenditures by 65% and additional FY 14/15 reductions are expected
  - In FY 13/14, overall major projects expenditures, including mylCalPERS, were reduced by 54%

Key takeaways

- CalPERS had the highest complexity of all of the participants in CEM's global database. Complexity negatively impacts both service and costs.
- CalPERS' service levels are very close to the median of its peers.
- CalPERS' cost was substantially above the peer average. Contributing reasons why:
  - Complexity
  - Investing in the future (mylCalPERS)
  - PEPRA
- Next year costs are expected to decrease and service levels are expected to increase.