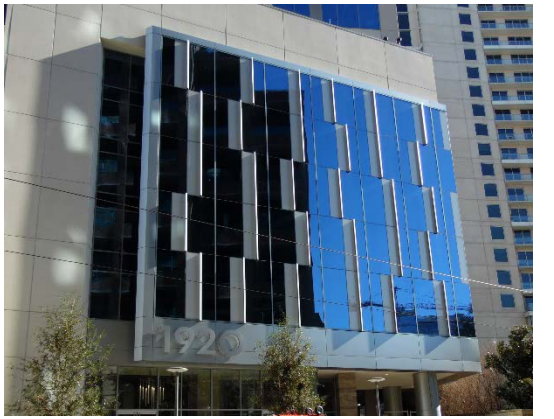


# 2018 STRATEGIC PLAN

JANUARY 9, 2018

**EMPLOYEES' RETIREMENT FUND OF THE CITY OF DALLAS**

# Agenda

I. 2017 Year In Review
II. 2018 Strategic Plan
III. Five Year Strategic Plan Process 2019-2024

# 2017 Year In Review – Key Highlights

*2017 Theme – Building on a Strong Foundation*

Retired 350+ people in 2017 paying 7,000+ retirees a total of $250 million in retirement payments and 496 refunds for $8.0 million. 100% on time.

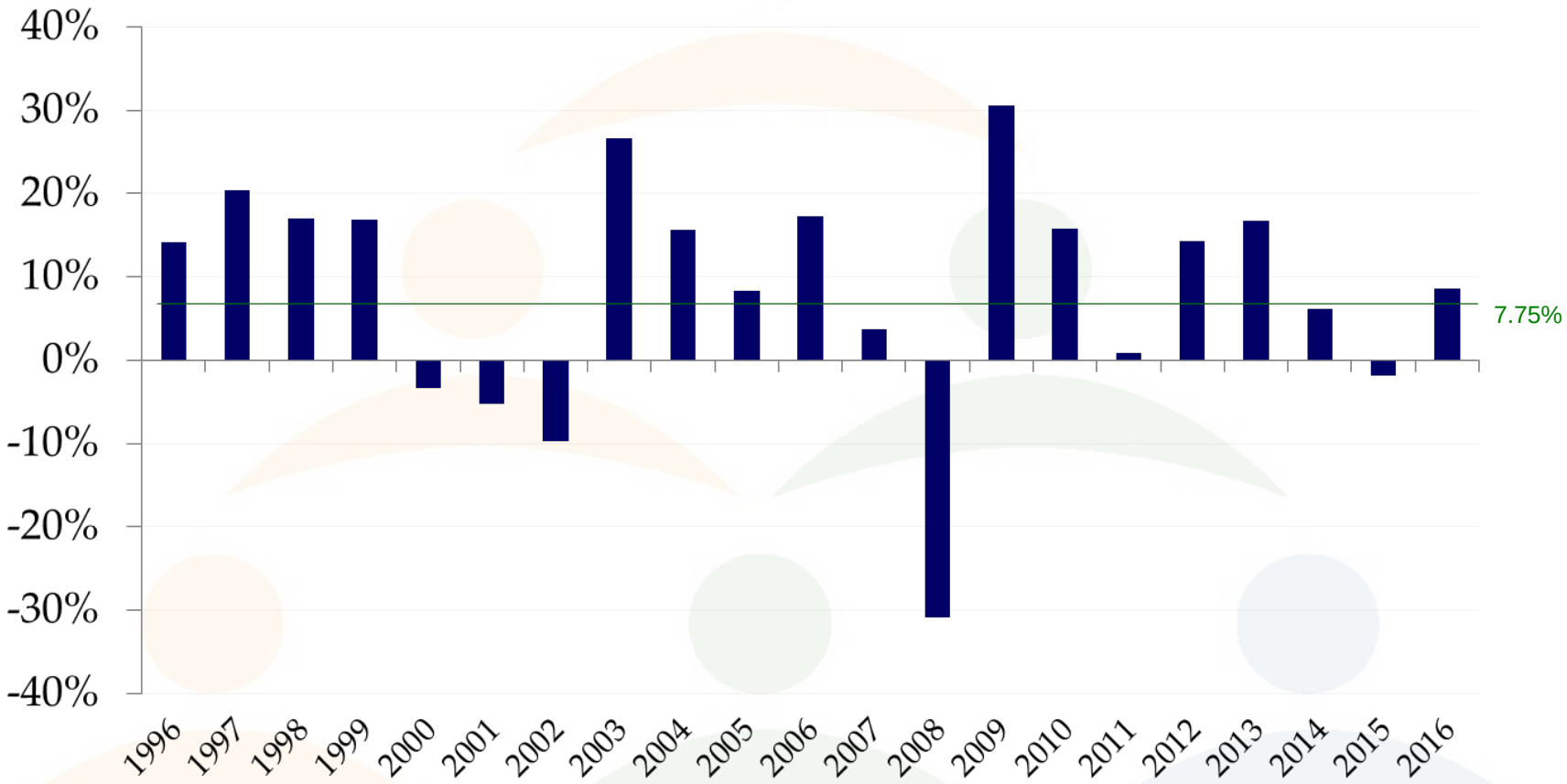
Held 23 summer sessions in 2017 and six sold out pre-retirement seminars with approximately 1,047 employees attending (13.6% of active membership vs a target of 10%).

Potential actuarial gain with a 2018 Cost of Living Adjustment of 2.053% vs actuarial assumption of 2.75%.

Chapter 40A changes effective January 1st result in approximately 12% of active members in Tier B with lower normal cost reducing liabilities long term.

Positive investment returns (as of 12/31/2017) exceed actuarial rate of return of 7.75% and exceed policy benchmark.

# 20 Year History of ERF Returns (Market)




(net of investment expenses)

# 2017 Year In Review – Accomplishments

Increase member access to information through the MyERF portal

- Benefit statements updated monthly
- Benefit paystubs and planning tools available online
- Added retiree access to portal. Ability to access to 1099s online.

Completed office relocation on time.

Received highest customer service rating with 98% of members rated service by benefit counselors as Excellent.

# 2018 Year In Review - MyERF Portal

## 2017 OVERALL WEBSITE PERFORMANCE

| Sessions | Users | Page Views | Pages/Session |
|---|---|---|---|
| 53,642 | 28,599 | 354,628 | 6.61 |

| Avg. Session Duration | Bounce Rate | % New Sessions |
|---|---|---|
| 00:07:03 | 24.01% | 51.49% |

# MyERF Portal – Breakdown of Users Group

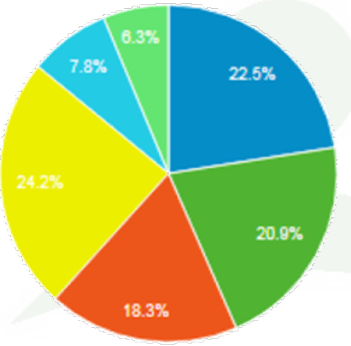
BREAKDOWN OF USERS BY AGE GROUP:

**Dallaserf.org website visitors by age group (legend for chart)**

| Age | Sessions | Sessions |
|---|---|---|
| | 12.71% 26,533 vs 23,541 | 12.71% 26,533 vs 23,541 |
| 1. 45-54 | | |
| 01-Jan-2017 - 31-Dec-2017 | 5,664 | 21.35% |
| 01-Jan-2016 - 31-Dec-2016 | 5,303 | 22.53% |
| 2. 35-44 | | |
| 01-Jan-2017 - 31-Dec-2017 | 5,518 | 20.80% |
| 01-Jan-2016 - 31-Dec-2016 | 4,917 | 20.89% |
| 3. 55-64 | | |
| 01-Jan-2017 - 31-Dec-2017 | 5,408 | 20.38% |
| 01-Jan-2016 - 31-Dec-2016 | 4,303 | 18.28% |
| 4. 25-34 | | |
| 01-Jan-2017 - 31-Dec-2017 | 5,230 | 19.71% |
| 01-Jan-2016 - 31-Dec-2016 | 5,703 | 24.23% |
| 5. 65+ | | |
| 01-Jan-2017 - 31-Dec-2017 | 3,023 | 11.39% |
| 01-Jan-2016 - 31-Dec-2016 | 1,833 | 7.79% |
| 6. 18-24 | | |
| 01-Jan-2017 - 31-Dec-2017 | 1,690 | 6.37% |
| 01-Jan-2016 - 31-Dec-2016 | 1,482 | 6.30% |

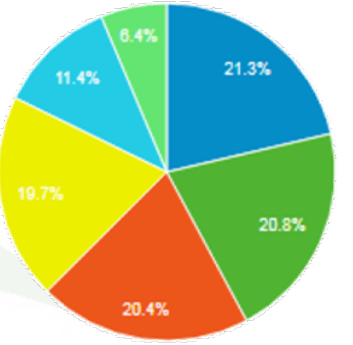
**Charts: myERF Website Visitors by age group – 2016 vs. 2017**

01-Jan-2016 - 31-Dec-2016




- In 2016, the age group of 65 or older only accounted for 7.8% of web traffic.

01-Jan-2017 - 31-Dec-2017




- Once we rolled out retiree portal services (1099-R, Paystubs) for retirees in January and November, we saw increase in the 55-64 (+.09%) and 65+ (+3.6%) age groups.
- We did have a slight decrease in the number of 45-54 aged users (-1.18%), which might be due to those users joining the 55+ groups or retiring and no longer having access to myERF until January (pre-2017 retirees with a 1099-R) or November (retiree paystub rollout).

# 2017 Year In Review – Opportunities

Need to implement more programming for retirees.

Continue to evaluate options for pension accounting system rather than proceed with implementation

Expand risk management initiative from investments only to an enterprise risk management program

# 2018 Strategic Plan

## Charting the Course in a World of Transition

# ERF Guiding Principles and Core Values

## Guiding Principles

We are committed to excellence, quality and value in everything we do through the most effective use of our resources.

We focus on the needs of our members and deliver consistent and timely information to our members about their retirement benefits.

We are committed to public trust by being an ethical, sensitive, and cost efficient organization.

We continually evaluate our business processes to support a user friendly environment that improves member satisfaction.

We support open communication.

## Core Values

*The ERF Staff is committed to reflecting these core values in all we say and do:*

Fulfilling fiduciary responsibilities with the utmost integrity and accountability

Thinking independently, respecting individuality, and working as a team

Encouraging open communication and collaboration

Continuously expanding our knowledge

In all endeavors, act in an ethical, honest, and professional manner

# Strategic Plan – Business Objectives

The Employees' Retirement Fund of the City of Dallas focuses on seven key business objectives. They are the following:

- Customer Service - Provide high quality customer service and education that enables members to make informed and timely retirement decisions
- Education - Improve the accessibility to, quantity, and quality of member education programs
- Benefits Management - Administer benefit programs and business processes in an innovative, effective and efficient manner
- Investment Management - Maintain an investment management program that will provide funding for the benefit obligations of the Fund
- Financial Management - Develop and maintain financial and accounting processes that support ERF's business objectives and initiatives
- Operations Management - Develop and maintain a secure technology infrastructure and operations that will support ERF business objectives and initiatives
- Talent Management - Provide ERF staff with training in the skill sets, policies, and procedures that enables them to perform their respective functions

# Customer Service

Provide high quality customer service and education that enables members to make informed and timely retirement decisions

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Improve office experience for members | David | 1Q – 2018<br>Low | Customer Survey Ratings. Ratings of 90%+ |
| Improve Retiree Experience | David | 2Q – 2018<br>Low | Partner with entities that provide retiree job and educational opportunities |
| Improve Members Experience at the point of Retirement. | David | 2Q – 2018<br>High | Augment Members' Retirement Program |

**Cost Scale**
Low = <$1,000
Medium = $1,001 - $25,000
High = >$25,001

# Education

Improve the accessibility to, quantity and quality of member education programs

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Quarterly Newsletters for Active members and retirees | David / Melissa | 2018<br>High | Redesign newsletter to reach 100% of attendees |
| Special Edition Newsletter for Retiree Meetings | David / Melissa | 1Q & 3Q – 2018<br>Low | Reach 100% of attendees |
| Enhance pre-retirement & financial planning class. | David / Melissa | 2018<br>Medium | Hold 6 classes per year |
| Design 3 step 2 hour certificate program for active members | David / Melissa | 2Q - 2018<br>Medium | Hold classes every quarter |
| Continue to enhance the summer sessions with myERF | David / Melissa | 3Q – 4Q 2018<br>Medium | Reach 10% of active members |

**Cost Scale**
Low = <$2,500
Medium = $2,501 - $25,000
High = >$25,001

# Benefits Administration

## Administer benefit programs in an innovative, effective and efficient manner

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Pension Accounting System Implementation Agile Sponsor | David | 2018 - 2020 High | Agile certification training for staff |
| Develop Workflow Strategies that mirror or compares to best practice solutions for all benefits and administration operation | David | 1H – 2018 Medium | Benefit and Administration procedures are converted to Workflow Design based on best practice. |
| Conduct Enterprise Risk Assessment. Prioritize initiatives based on results | David | IH – 2018 Medium | Complete enterprise risk assessment |

**Cost Scale**
Low = <$2,500
Medium = $2,501 - $25,000
High = >$25,001

# Investment Management

## Maintain an investment management program that will provide funding for the benefit obligations of the Fund

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Conduct investment manager searches according to timeline | Natalie | 1Q & 2Q 2018<br>Medium | Complete searches and successful transitions |
| Conduct quarterly conference calls with all investment managers<br>Board presentation bi-monthly | Natalie / Josh | 2018<br>Low | Conference calls with 100% of managers 4x a year |
| Due Diligence Trips to existing managers and examine new potential asset classes (i.e timber, infrastructure etc.) | Natalie / Josh | 2018<br>Medium | Conduct due diligence meetings on 1/3rd of managers every year; examine other asset classes as per Board interest |
| Augment quantitative metrics for investment program in conjunction with enterprise risk management program | Natalie / Josh | 2018<br>Medium | Enhance quantitative metrics and risk management analytics |
| Continue to hold “Open Houses for new managers | Natalie / Josh | 2018<br>Low | Hold a minimum of two open houses |

# Financial Management

## Develop and maintain financial and accounting processes that support ERF's business objectives and initiatives

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Move toward a paperless environment | CFO Team | 3Q 2018<br>Low | Reduce paper by 25% |
| Work with communication staff to notify retirees to provide ERF with authorization to provide their 1099 to them electronically for FY 2018 | Finance Team | 4Q – 2018<br>Low | Enhance detailed procedures |
| Work with benefits staff to make the refund application available online | Finance Team | 3Q 2018<br>Low | Complete the online application process |
| Provide staff with continuing education/training to utilize current and new tools and technologies | Finance Team | 4Q - 2018<br>Low | Create education program |
| Build and implement reconciliation procedures to true up budget and accounting data with the City's record. | Finance Team | 2Q 2018<br>Low | Enhanced detailed procedures |
| Implement a job redundancy program by cross training to ensure each person has at least one backup. | Finance Team | 2Q 2018<br>Low | Enhanced detailed procedures |

# Operations Management

## Develop and maintain a secure technology infrastructure and operations that will support ERF's business objectives and initiatives

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Replacing Tape Backup with Unitrends Cloud based backup service | Duc | 2018<br>High | 100% migration to cloud |
| Pension Administration System upgrade. | Duc | 2018 - 2020<br>High | Project milestones achieved |
| Provide members with electronic form submitting via myERF. | Duc | 2018<br>Medium | Successful forms submission |
| Provide staff and Board members portal for board material | Duc | 2018<br>High | Successful transition to new system |
| Implementing Data governance plan for all ERF assets.<br>a. Personally identifiable information (PII) per NIST.<br>I. Personal Health Information (PHI)<br>II. Payment Card Information (PCI) | Duc | 2018 - 2020<br>High | Multi-year project<br>Successful transition to new framework |

# Talent Management

## Provide ERF staff with training in the skill sets, policies and procedures that enables them to perform their respective functions

| Initiatives | Project Manager(s) | Timing/Cost | Metric |
|---|---|---|---|
| Create individual development plans for all ERF employees | All Managers | 1H – 2018<br>Low | Completed plans for 100% of employees |
| Enhance cross-training and succession plan | All Managers | 2018<br>Low | 1 – 2 people are cross trained for every function |
| Develop in-house training program | All Managers | 2018<br>Medium | Hold 3 – 5 training sessions |
| Hire and train additional staff | All Managers | 2018 | Fill 100% of openings |
| Create Recognition Program “Above and Beyond” | All Managers | 2018 | Quarterly recognition |

**Cost Scale**
Low = <$2,500
Medium = $2,501 - $25,000
High = >$25,001

# Five Year Strategic Planning Process

Transition from one year strategic plan to a five year plan

Collect data and feedback in first quarter

- Interview board members
- Interview key stakeholders
- Market Review
- Collect best practices from all types of organizations and corporations

Complete enterprise risk assessment in the second quarter

Board strategy session in third quarter

Rollout five year strategic plan in fourth quarter