

LEOFF PLAN 2 BOARD MEETING

**Department of Retirement Systems
Annual Administrator Update
Marcie Frost, Director**

July 24, 2013

YEAR IN REVIEW

- ❑ **Management System Implementation**
- ❑ **Quarterly Target Reviews**
- ❑ **Customer Satisfaction**
- ❑ **Team Engagement**
- ❑ **Retirement Services Workflow**
- ❑ **Idea Implementation– Lean & Priority Quadrant**
- ❑ **Employer Reporting Application**

DRS MANAGEMENT SYSTEM



Department of Retirement Systems Fundamentals Map

FOUNDATIONS

KEY GOALS

OUTCOME MEASURES

MEASURE OWNER

MISSION
We provide information, tools, expertise and services that ensure our members receive the retirement benefits they earn while in public service

VISION
Satisfied customers
Valued team members

VALUES
Customer Focus
Team Member Engagement
Valued Relationships
Performance Excellence
Resource Stewardship

Engaged Team Members

Vigilant Resource Steward

Best Practice Leader

Reliable Partner

Elated Customers

Customer Satisfaction O1

Team Satisfaction O2

Employer Satisfaction O3

Stakeholder Satisfaction O4

Operational Health O5

Retirement Readiness O6

Benefits Paid O7

Ideas Implemented O8

Charitable Participation O9

Performance to Budget O10

Cost Effectiveness O11

Jennifer Dahl

Lee Strehlow

Mike Ricchio

Dave Nelsen

Marcie Frost

David Brine

Mike Ricchio

Shawn Merchant

Dave Nelsen

Mark Feldhausen

Mark Feldhausen

OPERATING PROCESSES

SUPPORTING PROCESSES

CORE PROCESSES

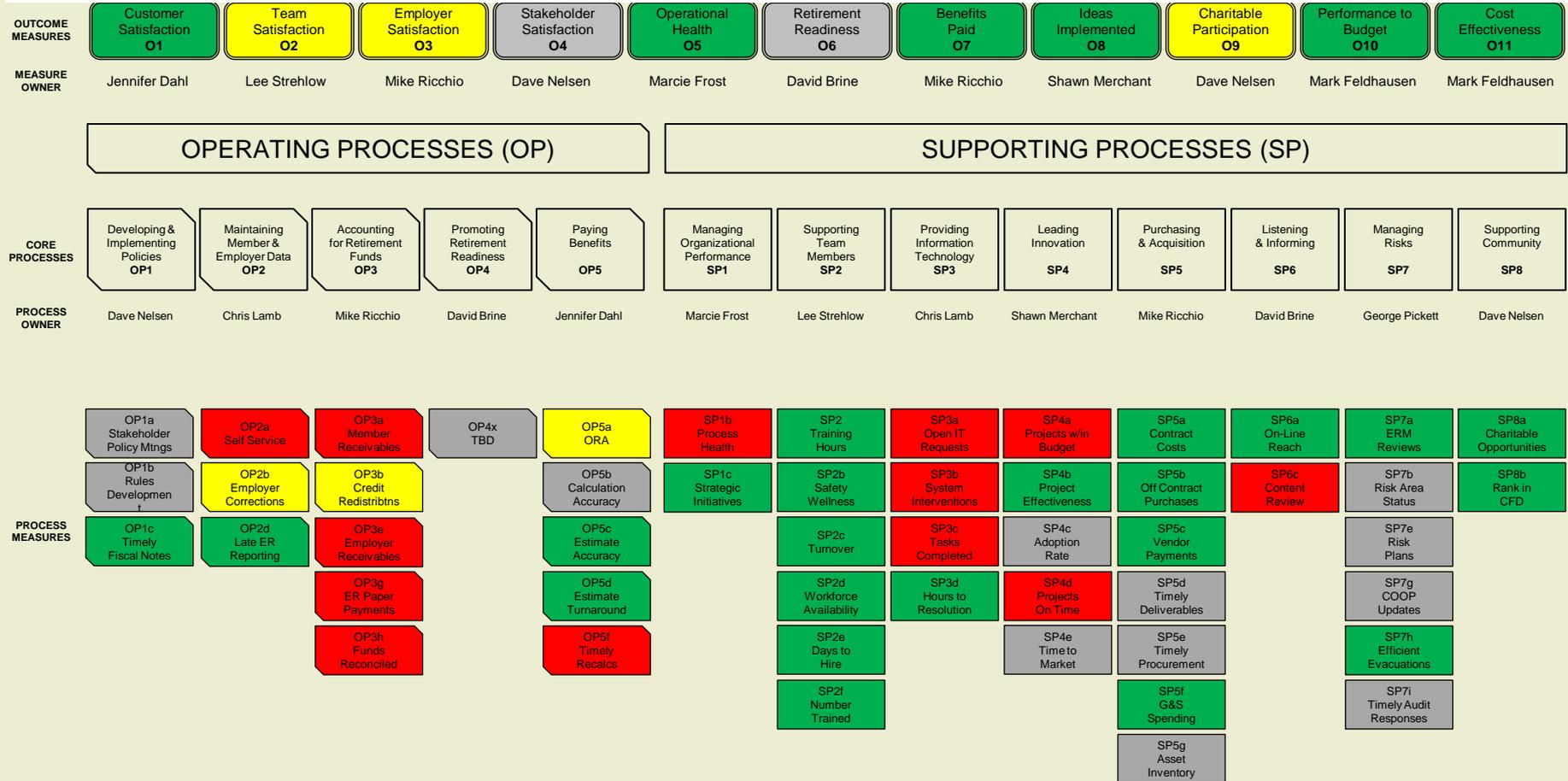
PROCESS OWNER

SUB PROCESSES

PROCESS MEASURES

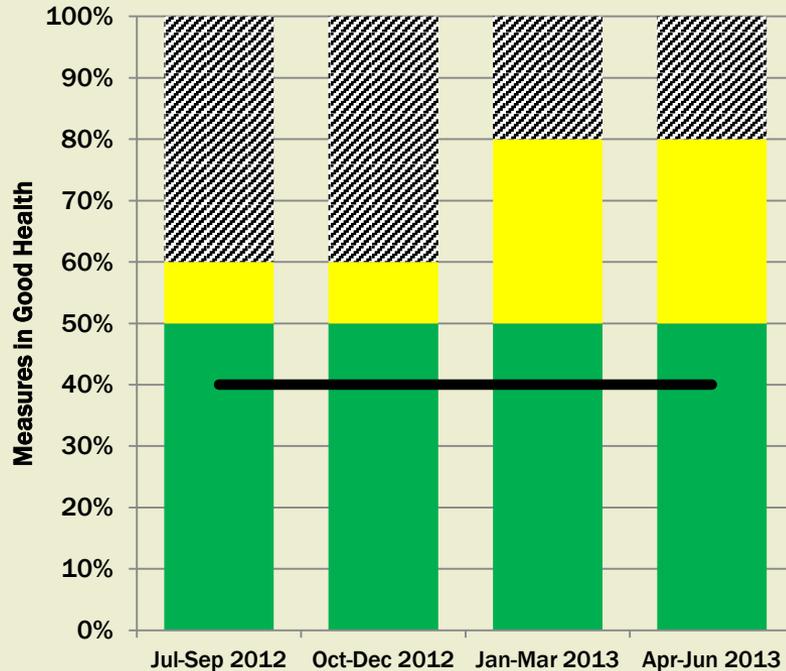
Core Process	Operating Process	Supporting Process
Developing & Implementing Policies OP1	Maintaining Member & Employer Info OP2	Accounting for Retirement Funds OP3
Monitoring policy environment Analyzing external policy ideas Informing policy makers Determining policy and/or rule needs Developing policy and/or rule Implementing policy and/or rule	Enrolling & maintaining employer information Educating employers Collecting & updating member information Managing documents Auditing employer processes Auditing member information Sharing information	Receiving & depositing contributions Directing funds Creating & managing receivables Reconciling general ledgers Accounting for benefit deductions Creating financial reports Accounting for benefit payments
Participate at policy meetings Rule development Timely fiscal notes	Self service transaction time savings Employer corrections hokl for replacement measure Late employer reporting	Member receivables Credit redistributions Employer receivables Employer paper checks Reconciliations
Promoting Retirement Readiness OP4	Paying Benefits OP5	Managing Organizational Performance SP1
Partnering with employers Educating new members Promoting online account Promoting retirement planning tools Marketing DCP Providing 1-1 assistance Providing presentations & resources Targeting reminders to waypoints Working with education partners	Receiving payment request Verifying eligibility Processing payment request Calculating payment Issuing payment	Defining strategy Setting operational targets Selecting strategic initiatives & targets Connecting employees to targets Creating organizational understanding Managing operations Managing strategic initiatives Reviewing organizational performance Making performance corrections
Capability Breakthrough (Under Development)	Online retirement applications Benefit calculation accuracy Estimate accuracy Estimate turnaround Recalc turnaround	Process measure health Strategy execution
Supporting Team Members SP2	Providing Information Technology SP3	Leading Innovation SP4
Recruiting & hiring Orienting & onboarding Learning & growth Observing, coaching, evaluating performance & behavior Creating development plans Recognizing accomplishments Maintaining employee information Equipping employees Managing facilities Fostering safety & wellness	Governing enterprise architecture Controlling production release Ensuring security Providing business systems analysis Conducting operations Developing solutions	Assessing business needs Researching & monitoring Establishing requirements Determining solution cost Managing projects Testing solutions Releasing to production
Training hours Safety & Wellness Turnover Present to win Time to fill positions Employees trained	Request backlog Systems intervention Estimated completion Hours to resolution	Projects on budget Project effectiveness Adoption rate Projects on time Time to market
Managing Risks SP7	Supporting Community SP8	Listening & Informing SP6
Identifying risk Evaluating & assessing risk Addressing & treating risk Monitoring & reviewing risk & treatment plans Adjusting as needed	Creating community support teams Evaluating & selecting charitable opportunities Implementing charitable opportunities	Managing DRS reputation/brand Building relationships Enabling feedback & identifying needs Staying current on pension issues Developing communication strategies Creating informational content Delivering information Managing communication channels
Risk management reviews Risk status On Time risk treatment plans Timely COOP update Efficient evacuations	DRS events sponsored State CFD participation	Online reach Content & materials review

QUARTERLY TARGET REVIEWS

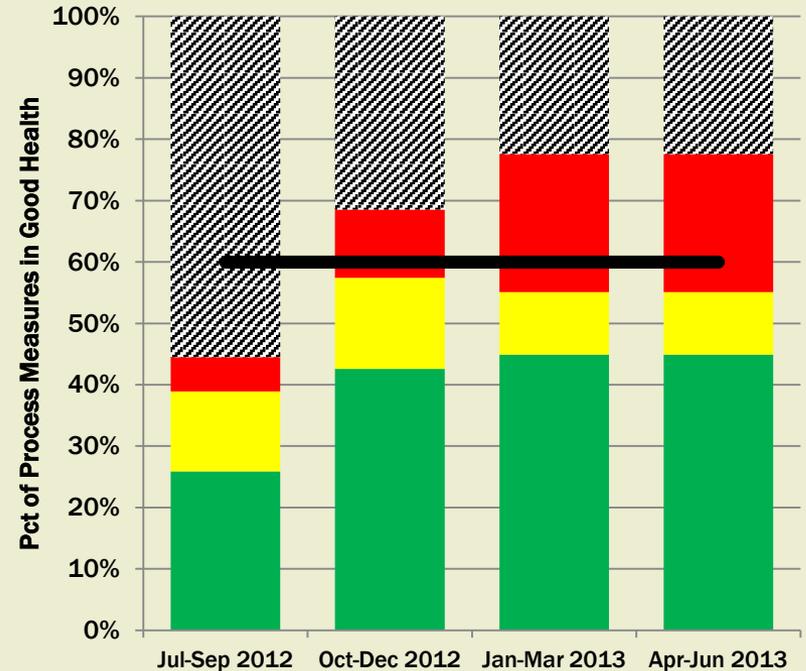


QUARTERLY TARGET REVIEWS

05-Operational Health



SP1b-Process Measure Health

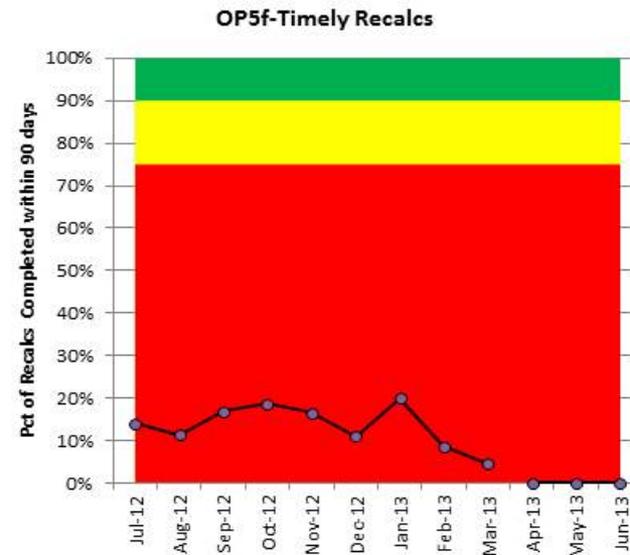
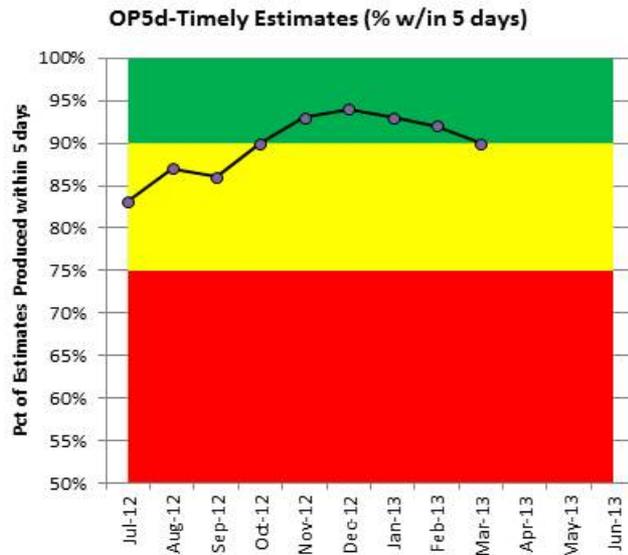


- Less gray and no red = 😊
- 2 yellows are <1% away from being green

- Target is to have 60% in green
- More measures are now operational ... more to go for QTR4

QUARTERLY TARGET REVIEWS

OP5-Paying Benefits



- Changed measure:
 - from # not within 5 days
 - to % within 5 days

- NOTE: % is not complete until 90 days have passed

DRS BREAKTHROUGH MAP

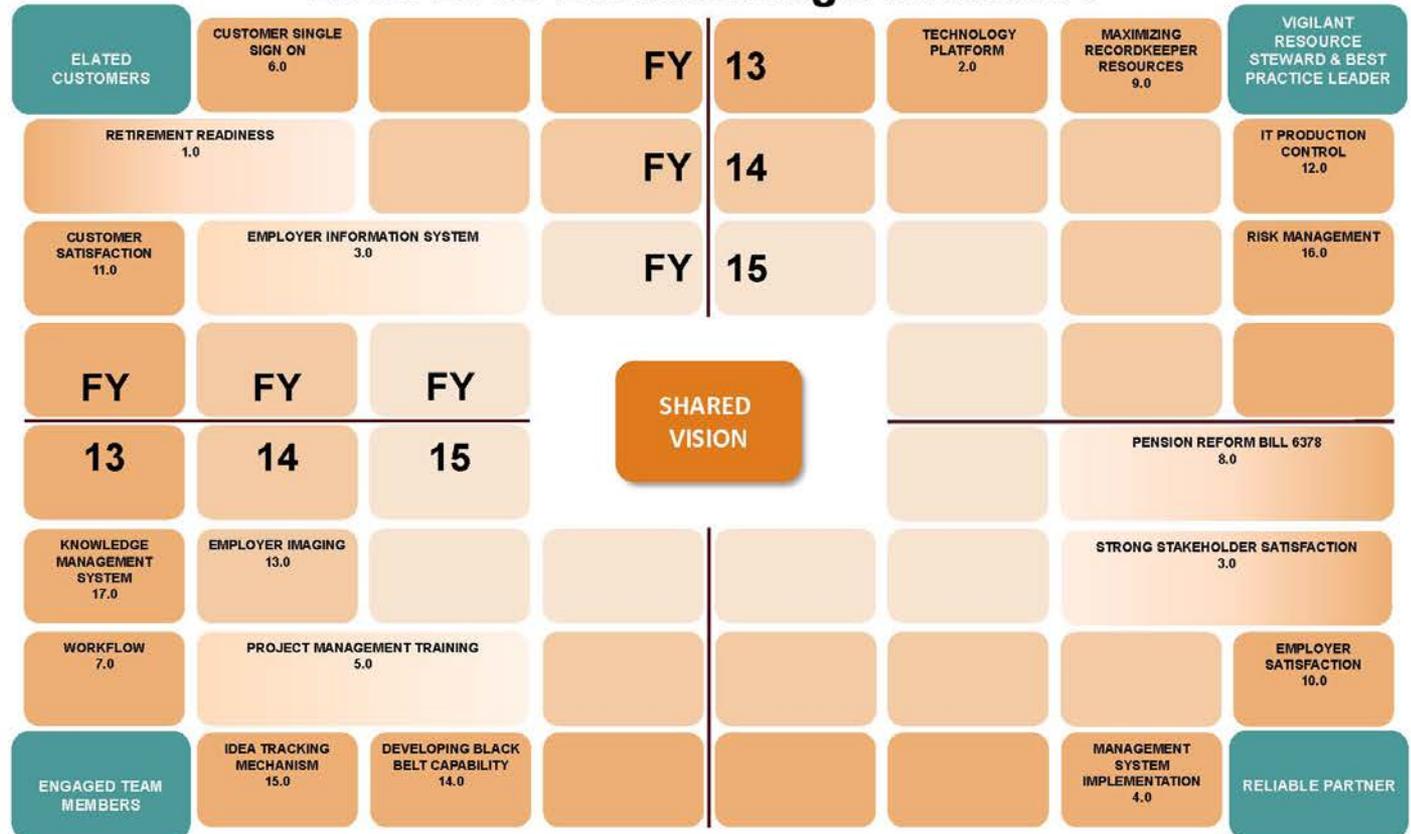


2013-2015 Breakthrough Initiatives

DRS MISSION
We provide information, tools, expertise and services that ensure our members receive the retirement benefits they earn while in public service.

- DRS KEY GOALS**
- Engaged Team Members
 - Vigilant Resource Steward
 - Best Practice Leader
 - Reliable Partner
 - Elated Customers

- DRS VALUES**
- Customer Focus
 - Team Member Engagement
 - Valued Relationships
 - Performance Excellence
 - Resource Stewardship



CUSTOMER SATISFACTION

THE THREE R'S

- **Respectful:** You can expect
 - To be treated as a valued customer by a patient and caring person, who is happy to help you.
 - To be carefully guided through the retirement process.
 - To be informed of the issues that impact your retirement in a way that is easy to understand

CUSTOMER SATISFACTION

THE THREE R'S

- **Responsive:** You can expect
 - To have quick access to people who can help you.
 - To receive timely responses to your requests.
 - To be kept informed of the status of your requests.
 - To speak with people who anticipate your needs and offer solutions.
 - To be provided with easy-to-use forms and tools that can be found online.

CUSTOMER SATISFACTION

THE THREE R'S

- **Right:** You can expect
 - The information you are given to be right.
 - To receive information from a knowledgeable, professional person

Customer Satisfaction

- Monthly interviews conducted by agency leaders
- 331 interviews since March
- Themes:
 - More frequent status updates during the application process
 - Forms and publications hard to understand
 - Benefit recalculation takes too long
 - Pleasant, knowledgeable analysts
 - Appreciation for phone and walk in service

Workflow Restructure

❑ GOALS

- ❑ Balance customer and team member needs for customer contacts and retirement processing
- ❑ Create flexibility to move resources where peak workload is happening
- ❑ Reduce process and information variability
- ❑ Maintain high responsiveness and high accuracy

Workflow Structure

- ❑ **New structure**
 - ❑ **Contact center for phones and walk-ins, correspondence, etc.**
 - ❑ **Processing center for retirement calculations**
- ❑ **Workload is first in-first out (FIFO)**
- ❑ **Knowledge Management System to be implemented this summer**

Lean Greenbelts/Blackbelts

- ❑ **DRS Lean Enterprise promotes a culture that targets total customer satisfaction through improved operational effectiveness and efficiency.**
 - ❑ **Lead by example**
 - ❑ **Take time to coach team members**
 - ❑ **Utilize Customer Satisfaction data in Green Belt Activities to understand the voice of the customer**
 - ❑ **The process is what provides the structure to positive improvements**
 - ❑ **Provide “Yes-ability” (always say yes, unless the data says no)**
 - ❑ **Show respect at all times by supporting constructive conversations**
 - ❑ **Respect team member time and responsibilities in their daily work**
 - ❑ **Communicate your workload constraints with Leaders and Black Belts to reach a mutually agreed resolution**
 - ❑ **Communicate topics of interest or areas of training you would like to see covered to Leaders and Black Belts**

Ideascale

- ❑ DRS Team members submit ideas about increasing efficiency, preventing waste and adding value for our customers
 - ❑ 194 ideas posted
 - ❑ 80 ideas completed/closed
 - ❑ 32 ideas in progress
 - ❑ 41 ideas in review
- ❑ Top completed ideas include providing the Public Safety Officers Tax Savings letter via Online Account Access and Direct Deposit form assistance

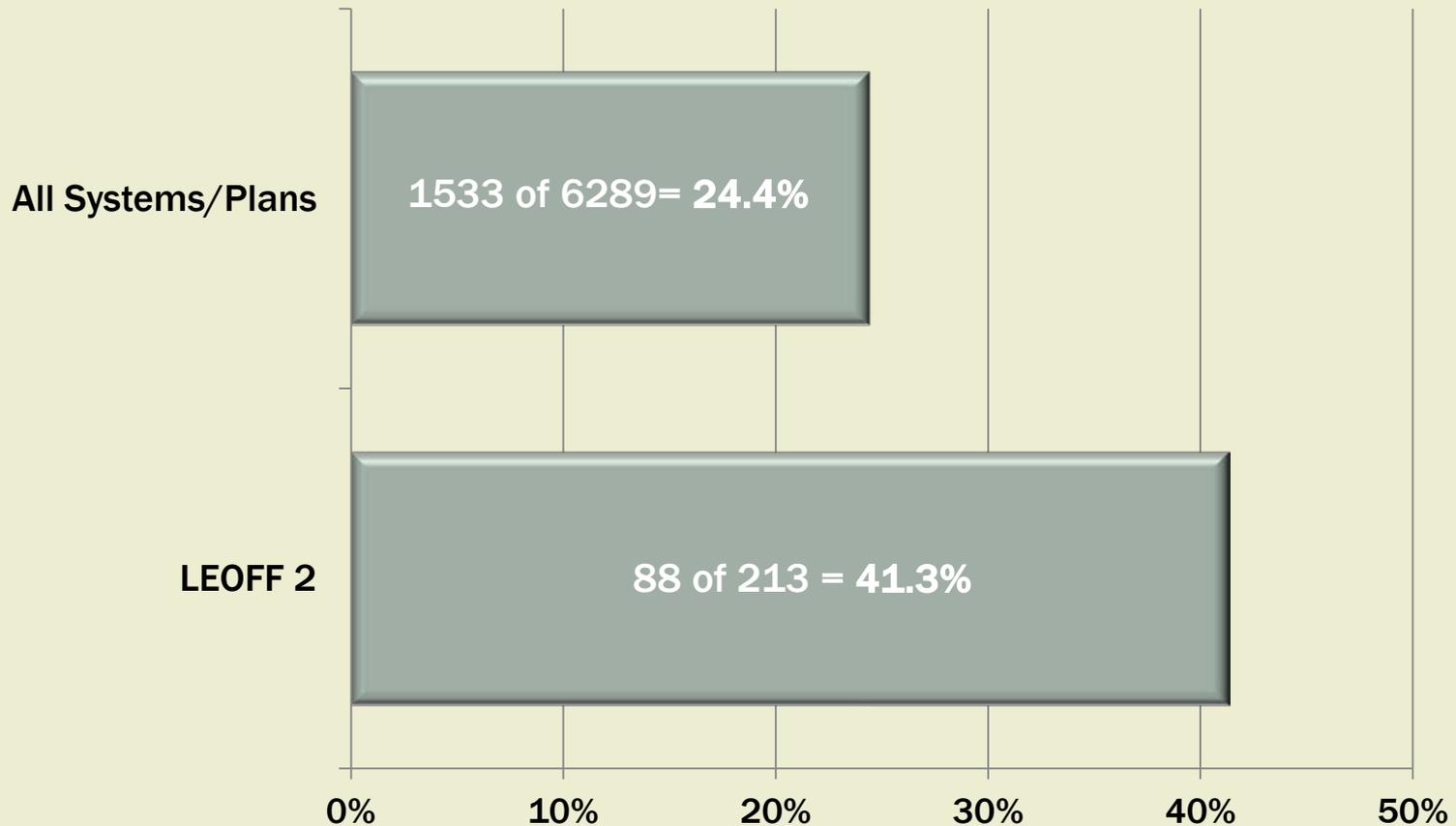
Lean – Agile Team

- ❑ **Team is continuing to utilize scrum methodology consisting of 3 sprints;**
 - **Sprint 1: 1/29 - 2/15**
 - **Sprint 2: 2/19 - 3/8**
 - **Sprint 3: 3/11 – 3/29**

- ❑ **Sprints developed from employee stories**
 - **As ISD Support, I want a return screen that's maintainable and documented, so that enhancements can be made in a timely manner.**
 - **As a Fiscal Analyst, I want to receive a report that has all the returned payments, so that we can make sure the payments are either cancelled or reissued in a timely manner.**

Online Retirement Application

Service Retirements via the Web (Year-to-Date 2013)



Online Account Access

- ❑ 9,726 Active LEOFF Plan 2 registered users
- ❑ Fiscal Year 2012-2013 DRS processed 156 LEOFF 2 retirements via Online Retirement Application
- ❑ Questions LEOFF 2 members are asking:
 - ❑ Where can I get health insurance?
 - ❑ What is my Cost of Living Adjustment this year?
 - ❑ Can I work for a DRS employer after retirement?

Education & Outreach



Law Enforcement Officers' and Fire Fighters' Retirement System LEOFF Plan 2 Facts in a Flash



Membership Definition	Full-time, fully compensated and fully commissioned law enforcement officers and fire fighters first hired on or after October 1, 1977, are covered by LEOFF Plan 2 and are required to become members of the plan.
Contribution Rates	You are required to contribute a percentage of your monthly salary. This rate may be changed by legislative action.
Benefit Formula	$2\% \times \text{Final Average Salary} \times \text{service credit years} = \text{monthly benefit}$
How Service Credit is Accumulated	Service is based on the hours for which you are compensated. <ul style="list-style-type: none"> • 90 hours = 1 service credit • 70-89 hours = 1/2 service credit • 69 or less hours = 1/4 service credit You may be eligible to receive service credit while on approved leave of absence or for time spent in the military.
Purchasing Additional Service Credit	When you retire, you may purchase up to 60 months of additional service credit to increase your benefit. It will not count as membership service.
Eligible for Retirement	You are eligible to retire with a full benefit at age 53, if you have at least 5 service credit years. You can retire with a reduced benefit as early as age 50 if you have at least 20 service credit years.
Final Average Salary	Your FAS is the average of your 60 consecutive highest-paid service credit months. Any severance pay, or lump sum payment for unused sick leave or vacation/annual leave, is not included.
Death in Service Survivor Benefit	If you die before retirement, your survivor may be eligible to receive a benefit that is based on your years of service credit. There are additional benefits available if you die in the line of duty.
Cost-of-Living Adjustment (COLA)	On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted based on the Consumer Price Index, up to a maximum of three percent.
Domestic Partners	Qualified domestic partners have the same survivor and death benefits as married spouses, though there may be differences in how taxes are handled at the federal level. In a qualified domestic partnership both individuals have met the legal requirements and registered their partnership with the Secretary of State's office or another jurisdiction. Please contact the Secretary of State's office if you have questions about these requirements.

Summary Description: The rules governing your benefits are contained in state retirement law. This publication is a summary, written in non-legal terms. It is not a complete description of the law. If there are any conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.



Separation from Service

- Are you vested?
- **LEOFF 2**
 - Contributions & Interest - withdraw or leave in
 - ❖ Withdraw 150% with 10+ Service Credit Years
 - ❖ Indexing with 20 Service Credit Years
 - Service account - restore if return

Defined benefit can start when eligible



Employer Reporting Application

- ❑ Rebuilding the mainframe application used since the 1990's; moving away from mainframe system, onto Windows system
 - ❑ RFP to be issued in August for software purchase, installation and development.
 - ❑ Rollout in June 2014
 - ❑ Goal is to minimize impact/effort for employers
 - ❑ New methodology for system development; limber, flexible, able to make changes inexpensively and more efficiently.

Managed Medical Review Organization

❑ Vendor's Role

- ❑ Not a 3rd party administrator; reviews disability application and supplemental information to make a recommendation, which DRS uses to make a determination.

❑ Benefits to Member

- ❑ Improved communication- Case Mgr calls with case # within 48 hours
- ❑ Average turnaround of 10-15 days
- ❑ More transparency- member can view status of application anytime

❑ Benefits to DRS

- ❑ Access to broader pool of expertise
- ❑ Better able to handle increasing/varying workload
- ❑ Better able to meet expectation of being Responsive

Retirement Readiness

- ❑ DRS provides information to members about retirement and retirement planning in many ways – seminars, online presentations, one-to-one assistance by phone or in person.
- ❑ Our aim is to pull together these practices – and potential new initiatives – into a core process of promoting retirement readiness.
- ❑ Focusing on how to engage members in retirement readiness throughout their career– from their 1st day of public service to retirement, we are identifying important opportunities (90-day choice, vesting, major life changes) to communicate and educate.
- ❑ We are also looking at ways to encourage participation in the Deferred Compensation Program to help members supplement retirement earnings.
- ❑ DRS can play a huge role in helping our customers prepare for and enjoy a successful retirement – which helps our members and it helps us as employers. We look forward to updating you on the work of this new initiative.

What's Next

Initiatives for the upcoming 12 months

- ❑ Hold the Gain in RSD
- ❑ Employer Reporting Application
- ❑ Visual Management Systems

Questions?