



Kern County Employees' Retirement Association (KCERA)

2023-2026 Strategic Plan

Compiled and Presented by:

Julie Becker and Benita Falls Harper, Aon





Table of Contents

| | |
|-----------------------------------------------------|----|
| Message from the Chief Executive Officer | 3 |
| KCERA's Mission and Vision | 4 |
| Strategic Framework | 6 |
| Theme 1: Member and Stakeholder Communication | 7 |
| Theme 2: Member Service Delivery | 9 |
| Theme 3: Technology | 11 |
| Theme 4: Governance | 11 |
| Theme 5: Investments | 13 |
| Appendix | 14 |
| Appendix A: Benefits | 14 |
| Appendix B: Technology | 15 |
| Appendix C: Investments | 16 |



Message from Dominic D. Brown, Chief Executive Officer

As Chief Executive Officer, it is my pleasure to issue the 2023-2026 Strategic Plan on behalf of the Kern County Employees' Retirement Association (KCERA).

The Strategic Plan outlines a set of initiatives that guide KCERA in the pursuit of our mission. The five goals of our framework will guide us as we focus on particular areas of diligence and process improvement for the upcoming period.

Over the past year, we faced numerous challenges including the implementation of the *Alameda* Decision and emerging from the COVID-19 pandemic.

Some of last year's accomplishments we are most proud of include:

- Created new Communications Manager position and hired a new employee to lead efforts to enhance education and communication for members and stakeholders
- Grew investment unit to four investment professionals and continued expanding the allocation to private markets
- Developed and presented KCERA's first annual HR Report
- Conducted a full evaluation of the merits of KCERA Property, Inc. and took action to dissolve it
- Made significant progress on backlog of Disability claims and streamlined process for future member filings
- Completed implementation of the *Alameda* Decision
- Revamped the SRBR program to simplify and enhance benefits in a sustainable manner

As we move into a new fiscal year, we are keeping our core values at the forefront of everything we do. Key components like stewardship, communication, and fiduciary duty are critical to providing our members with excellent customer service and financial security.

We will look for opportunities to constantly improve in every area to provide our members with exceptional retirement-related services in a cost-effective manner. I look forward to leading our



hard-working staff on behalf of Trustees in service to our members and stakeholders in the upcoming year.

Respectfully submitted,



Dominic D. Brown
Chief Executive Officer

KCERA's Mission

All the strategies and action plans in the strategic plan should support KCERA's mission:

KCERA's mission is to expertly administer retirement benefits, prudently invest the assets of the Association, and provide quality membership services to eligible public employees, retirees, and their beneficiaries.

KCERA's Vision

To be a trusted pension partner, delivering financial security and accurate information through a commitment to expertise, innovation, and continual improvement.



Strategic Framework

Themes

KCERA Strategic Management Program revolves around five key themes. Working in concert with each theme is a central goal. In this report, specific long-term objectives further define each goal that help to guide annual business planning.

The five themes are¹:

1. Member and Stakeholder Communication
2. Member Service Delivery
3. Technology
4. Governance
5. Investments

¹ The numbered themes are not listed by order of importance or priority.



Theme 1: Member and Stakeholder Communication

Goal

Equal Access to Communication

With today's rapidly evolving technology landscape, not all members and retirees have agile access to online communication. Differing levels of operating systems and knowledge of programming can stymie user friendliness. KCERA's goal is for all members and retirees to have equal access to KCERA communication.

- Ensure communication is disseminated in multiple formats.
 - Work to make electronic communication more available, e.g., think beyond the portal.
 - Partner in facilitating members' and retirees' ability to gain aptitude in accessing electronic communication.

Goal

Educate Membership and Stakeholders

- Economic and political events dramatically affect pension funding levels. KCERA's goal is to demystify the pension funding process and provide transparency to the funding algorithm. Demonstrate the methodology of funding and ensure membership is aware of the actuarial method to determine funding goals, as well as the current funded status.



- Provide targeted communications to targeted audiences (i.e., active members/retirees, etc.) on various topics.

Goal

Knowledge of existing benefits and application processes

- KCERA seeks to widely distribute benefit and form information in a user-friendly format.
- Provide education on membership benefits and application processes through various communication channels.
- Build library of instructional YouTube videos.
- Divide existing retirement seminar instruction into smaller segments, approximately three minutes each.



Theme 2: Member Service Delivery

Goal

Staff training

Best governance practices dictate that staff maintain an up-to-date knowledge of pension information and trends, as well as understanding practices of their peer groups.

- Critical to benefit processing is the ability to efficiently process disability claims.
- Build and maintain quality customer service.
- Explore alternate and innovative ways to educate membership.

Goal

There is a need to increase the time spent with the plan sponsor, including setting aside a dedicated time to be present onsite with the plan sponsor.

- Reach out to plan sponsor departments.
- Set up series of counseling appointments and engage in targeted communication.

Goal

Satisfaction surveys

- Evaluate conducting member/retiree satisfaction surveys for future direction and insight.



-
- Conduct follow up with membership after submission of retirement application and other benefit applications for feedback on process.



Theme 3: Technology

Goal

Cybersecurity continues to be an integral part of public pension processing with the safeguarding of member and retiree information a paramount goal.

- Education to staff, members and retirees of possible cyber perils and best practice.
- Review of any needed internal and external controls.
- Continue Board training, including reports of attempted breaches and penetration testing.



Theme 4: Governance

Goal

As new members take a seat at the Board room table, or as current members take on the role of Board/Committee Chair, it is vital that they understand their fiduciary duties, as well as the operating constructs of KCERA.

- Further develop and enhance training curriculum for Board members

Goal

Seek to maintain talented Staff to provide the best quality service.

- Have a retention focused philosophy.
- Maintain a succession plan.

Goal

As part of retention, a positive work environment along with competitive compensation is key.

- Adopt a compensation philosophy policy.

Goal

Staying current with current laws and tracking proposed legislation remains a priority.



- Communicate to Board potential impact of new regulations and decisions.

Goal

The administrative budget is a significant budget which mandates continued accountability.

- Seek to maintain oversight and accuracy in budgeting process.

Goal

Developing and further building out investment team will provide confidence in the investment program.

- Less reliance on external consultants with more internal staff involvement and collaboration with consultants.
- Monitoring the correlation between an increase to internalized investment responsibility (less reliance on external consultants) with the creation of additional work for legal and accounting staff.



Theme 5: Investments

Goal

An Asset Liability Study remains a priority.

- Present timely results to Board with supporting information.

Goal

Board delegation assists KCERA in maximizing all investment opportunities.

- Maintain a flexible and opportunistic approach, e.g., private market delegation.
- Establish an annual plan on or about every February to review discretion given to investment staff.
- Utilize existing monitoring to regulate discretionary investment authority.

Goal

Recession-proof the portfolio.

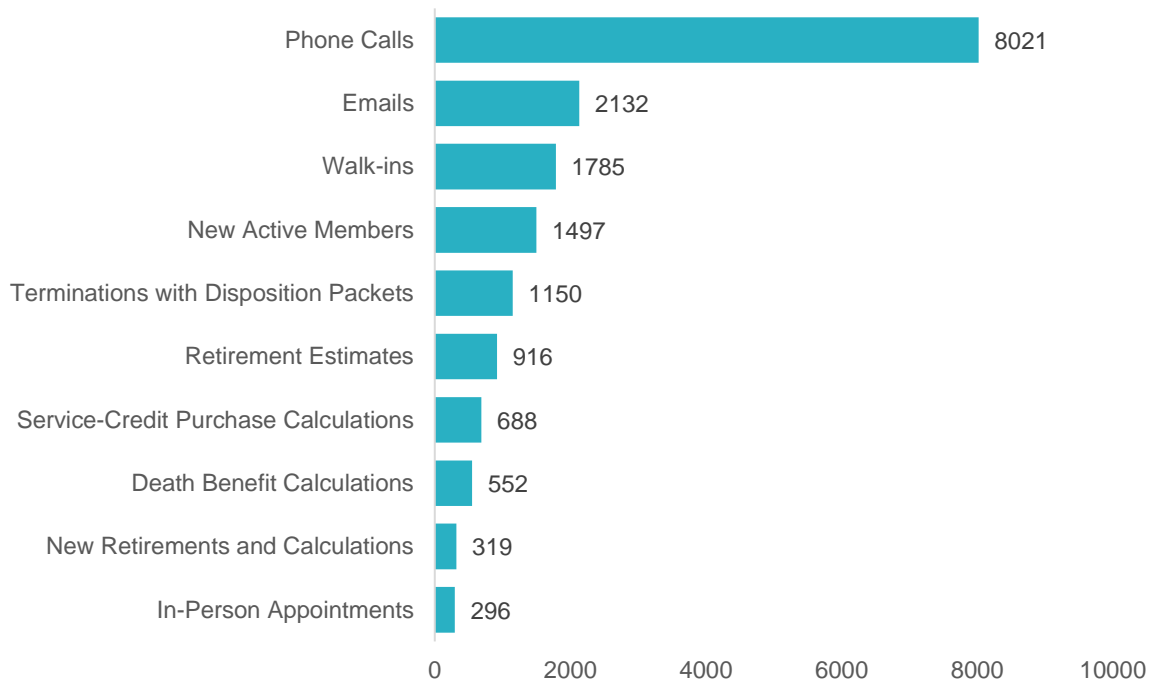
- Regularly examine Risk Tolerance – strategic asset allocation.
- Sustain a tactical portfolio.
- Minimize fees where possible to do so effectively.



Appendix

Appendix A: Benefits

2022 Member Services Operations Activities (Count)



Source: 2022 Board of Retirement Meeting Agendas
 Note: July Board of Retirement Meeting Agenda not available



9,015

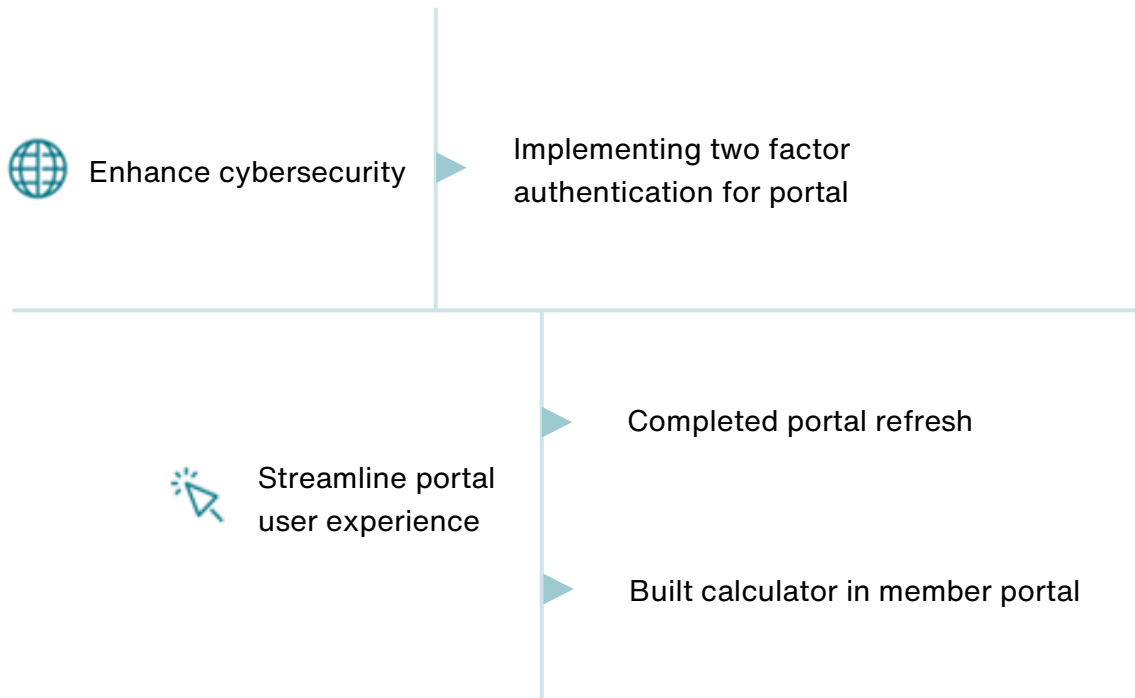
Retirees and beneficiaries
 as of June 30, 2022

\$30.7 million

FY 2022 average aggregate
 monthly benefit payments,
 excluding SRBR benefits



Appendix B: Technology

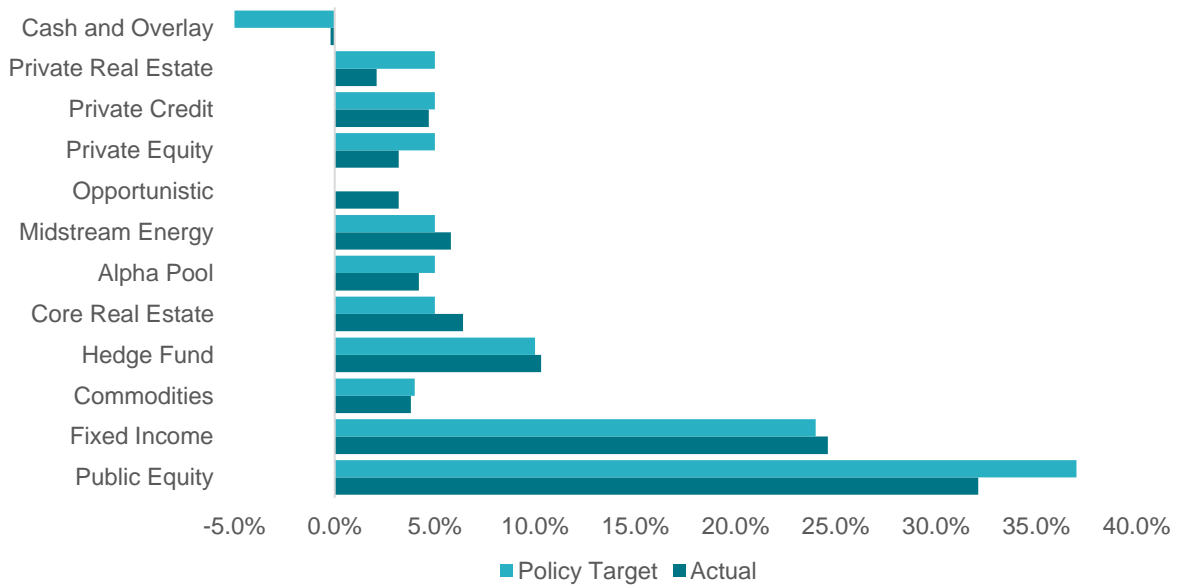


10,518 Portal users as of March 15, 2023



Appendix C: Investments

Asset Allocation; Actual vs Policy Target



Source: 23-04-12 Board of Retirement agenda

Note: As of March 31, 2023.



\$5.4 billion

Investment Assets



4.5%

FY 2022 net of fees return