Wisconsin Department of Trust Funds

Pension Administration Benchmarking Results FY 2009

Matthijs Reinders
CEM Benchmarking Inc.
Matthijs@cembenchmarking.com
416-369-9817

CEM Benchmarking Inc.
What gets measured gets managed

Board	Meeting Date	Item #
ETF	9.16.10	4C

73 leading global pension systems participate in the benchmarking service.

Current Participants

United States
Arizona SRS
CalPERS
CalSTRS
Colorado PERA
Delaware PERS
Idaho PERS
Illinois MRF
Indiana PERF
Indiana State TRF
Iowa PERS
KPERS
LACERA
LASERS
Maine PERS
Michigan MERS
Michigan ORS
MOSERS
Nevada PERS
New Hampshire RS
North Carolina RS
NYC TRS
NYSLRS
Ohio PERS
Ohio SERS
Oklahoma PERS
Oregon PERS
San Bernardino County ERA
South Carolina RS
South Dakota RS
STRS Ohio
Texas County and District RS
TRS Louisiana
Utah RS
Virginia RS
Washington State DRS
Wisconsin DETF

Canada
APS
BC Pension Corporation
Canada Post
Defence Canada
Desjardins
HOOPP
Hydro Québec
LAPP
OMERS
Ontario Pension Board
Ontario Teachers
PWGSC
RCMP
RRQ

The Netherlands
ABN-AMRO
ABP
BPF Bouw
Pensioenfonds Metaal en Techniek
PF Horeca en Catering
PFZW
Philips
Rabobank
Stichting Algemeen Pensioenfonds KLM
Stichting Shell Pensioenfonds

Australia
Australia Post
Australian Super
ComSuper Military
ComSuper Public Service
ESSSuper
Health Super
Pillar*
QSuper
RBF Tasmania
REST
Super SA

Other European
ATP
Pension Danmark

CEM Benchmarking Inc.
What gets measured gets managed

CEM calculates your Total Administration Cost.

Total Adjusted Administration Cost for Wisconsin DETF		
Activity	$000s	%
1 Paying Annuity Pensions	862	3.5%
2 Annuity Pension Inceptions (non-disability)	1,697	6.9%
3 Pension Benefit Estimates	2,011	8.1%
4A 1-on-1 Member Counseling	1,037	4.2%
4B Member Presentations	231	0.9%
5 Member Contacts: Calls, Emails, Letters	1,772	7.2%
6 Mass Communication to Members & Annuitants	1,662	6.7%
7A-C Collections and Data Maintenance	1,774	7.2%
7D Service to Employers	885	3.6%
8 Refunds, Transfers-out, Terminating Payments	178	0.7%
9 Purchases and Transfers-in	370	1.5%
10 Disability	4,181	16.9%
11A-D Financial Control and Governance	2,190	8.9%
12A-C Plan Design and Rules Development	392	1.6%
13 Major Projects	6,334	25.6%
Total Administration Cost per survey	25,575	
Adjustments:		
subtract Major Projects	-6,334	-25.6%
add 3-year average Major Project cost	5,476	22.2%
Total Adjusted Administration Cost	$24,718	100.0%

- Investment related costs are excluded.
- A 3-year average Major Project cost was calculated.
- Optional benefit costs are not included.

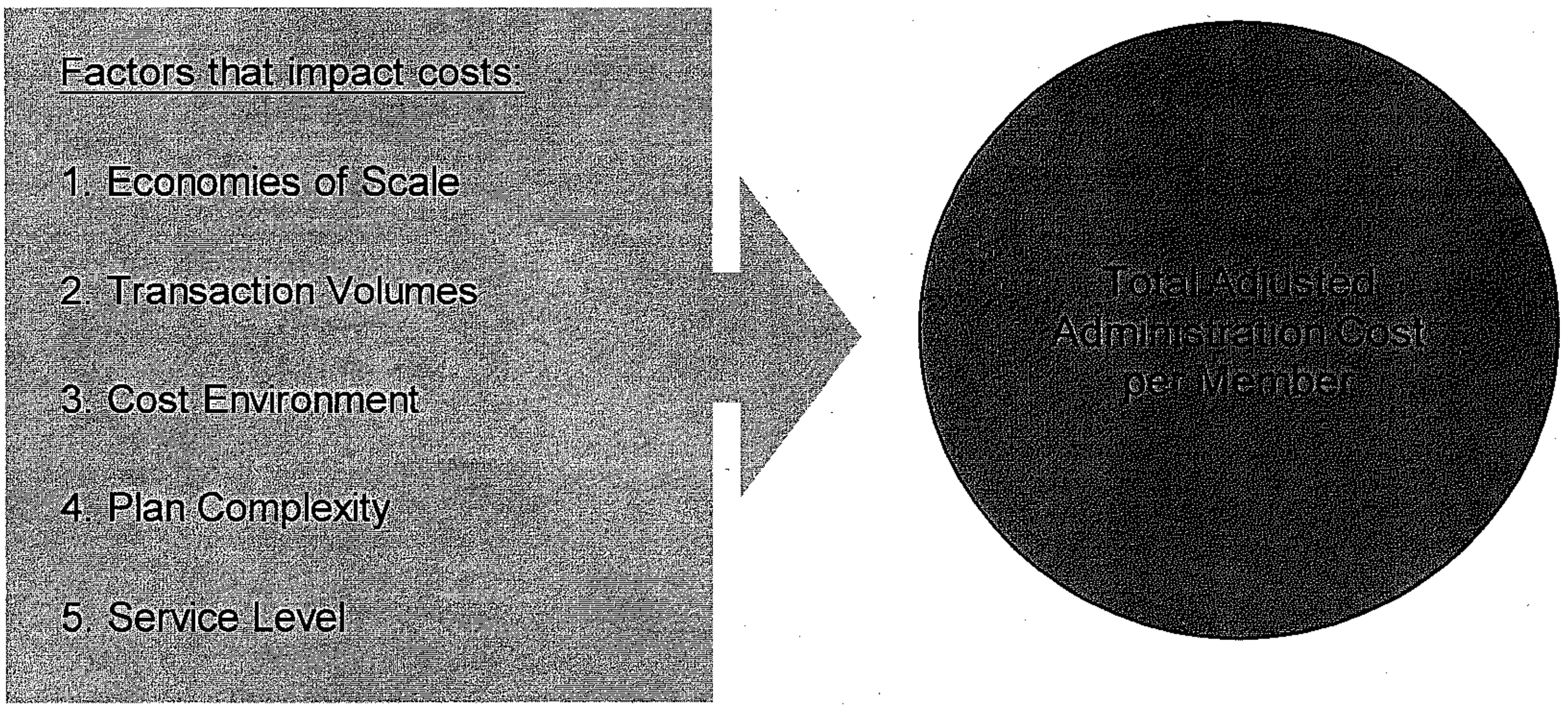
CEM Benchmarking Inc.
What gets measured gets managed

Your cost of $60 per member breaks down into the following summary categories and activities:

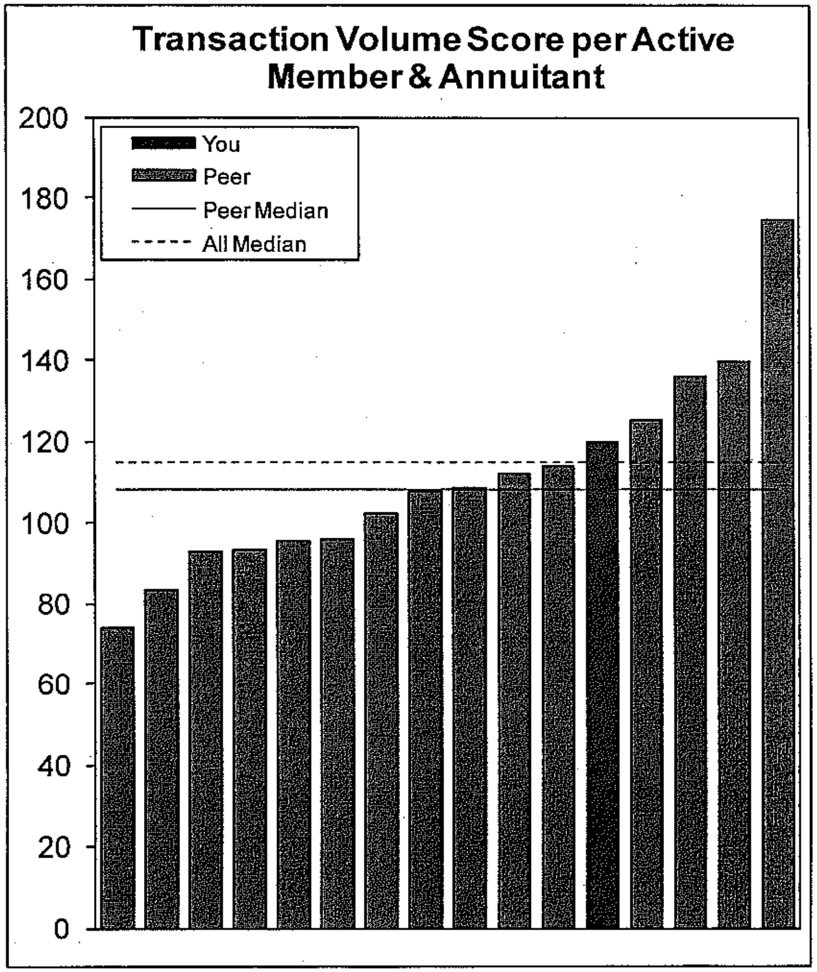
Activities and Summary Categories	You $	Peer Med	+/-
		$ per Member	
Transactions With Members			
1 Paying Annuity Pensions	$2.10	$4.05	-$1.95
2 Annuity Pension Inceptions (non-disability)	$4.14	$6.17	-$2.03
8 Refunds, Transfers-out, Terminating Payments	$0.43	$2.60	-$2.17
9 Purchases and Transfers-in	$0.90	$2.33	-$1.43
10 Disability	$10.20	$4.86	$5.34
	$17.79	$22.00	-$4.21
Communication To Members			
3 Pension Benefit Estimates	$4.91	$2.31	$2.60
4A 1-on-1 Member Counseling	$2.53	$2.73	-$0.20
4B Member Presentations	$0.56	$0.83	-$0.27
5 Member Contacts: Calls, Emails, Letters	$4.32	$8.42	-$4.10
6 Mass Communication to Members and Annuitants	$4.06	$3.96	$0.10
	$16.38	$19.87	-$3.49
7 A-D Collections And Data Maintenance	$6.49	$12.72	-$6.23
11-12 Governance And Plan Design	$6.30	$9.36	-$3.06
13 3-Year Average Major Project cost	$13.36	$8.26	$5.10
Total Adjusted Administration Cost per Active Member & Annuitant	$60.32	$69.15	-$8.68

CEM Benchmarking Inc.
What gets measured gets managed

We measure and compare 5 factors that impact costs. Economies of Scale, Transaction Volumes and Cost Environment have the largest impact.



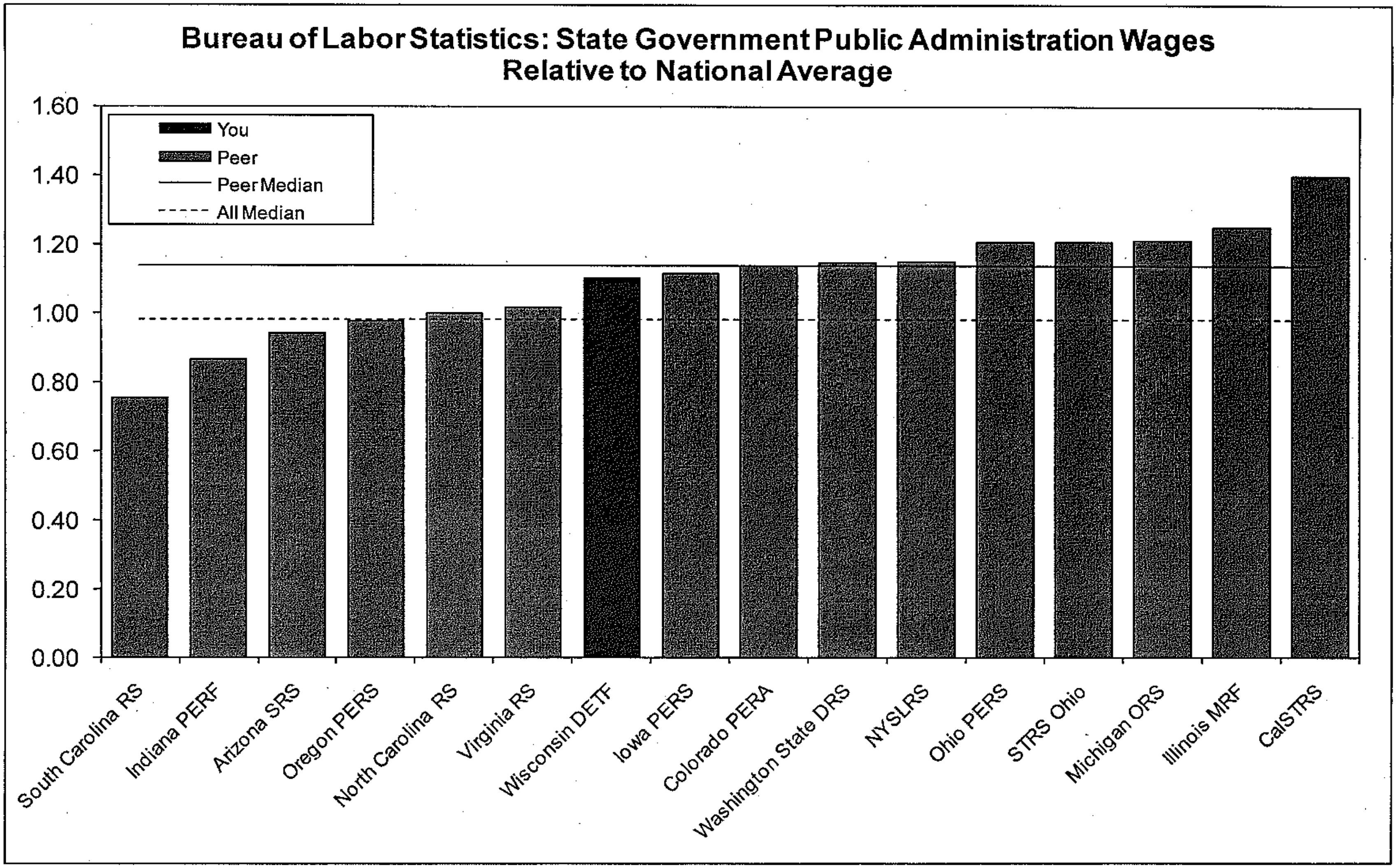
Your Transaction Volume Score was 11% above the peer median.



- The number and types of transactions that you process impacts your costs.
  - # of telephone calls
  - # of pensions incepted
  - # of 1 on 1 counseling sessions

CEM Benchmarking Inc.
What gets measured gets managed

Your cost environment is 3% lower cost than the peer median.



CEM Benchmarking Inc.
What gets measured gets managed

Your Complexity by underlying cause compared to your peers as follows

Relative Complexity Ratings by Cause

Complexity: 0 least - 100 most

Weight	Underlying Cause	Your	Peer Avg
15.0%	A. Pension Payment Options	59	59
20.0%	B. Customization Choices	22	6
10.0%	C. Multiple Plan Types and Overlays	89	45
16.0%	D. Multiple Benefit Formula	30	52
3.0%	E. External Reciprocity	35	27
4.0%	F. COLA Rules	12	33
3.0%	G. Contribution Rates	58	51
4.0%	H. Variable Compensation	100	84
3.0%	I. Service Credit Rules	59	56
3.0%	J. Divorce Rules	100	68
5.5%	K. Purchase Rules	55	67
4.0%	L. Refund Rules	31	55
6.0%	M. Disability Rules	85	82
0.5%	N. Translation	0	8
3.0%	O. Defined Contribution Plan Rules	0	21
100.0%	Weighted Average (before scaling)	48	45
	Scaled Total Complexity	67	62

CEM Benchmarking Inc.
What gets measured gets managed

Examples of key service measures included in your Service Score.

Select Key Service Metrics	You	Peer Avg
Member Contacts		
• % of calls resulting in desired outcomes (versus busy signals, messages, hang-ups)	51%	89%
• Average total wait time including time negotiating auto attendants, etc.	317 secs	178 secs
• Will you provide benefit estimates over the telephone?	No	75%Yes
Website		
• Can members access their own data in a secure environment?	No	81%Yes
• Do you have an online calculator linked to member data?	No	63%Yes
• Are all, some or none of your forms available online?	Some	51%All
• # of other website tools offered such as making non-financial changes online, etc.	1	6
Member Statements		
• How current is the data in member statements when mailed?	4.0 mos	2.8 mos
• Do statements provide an estimate of the future pension entitlement?	Yes	69%Yes
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?	99%	86%

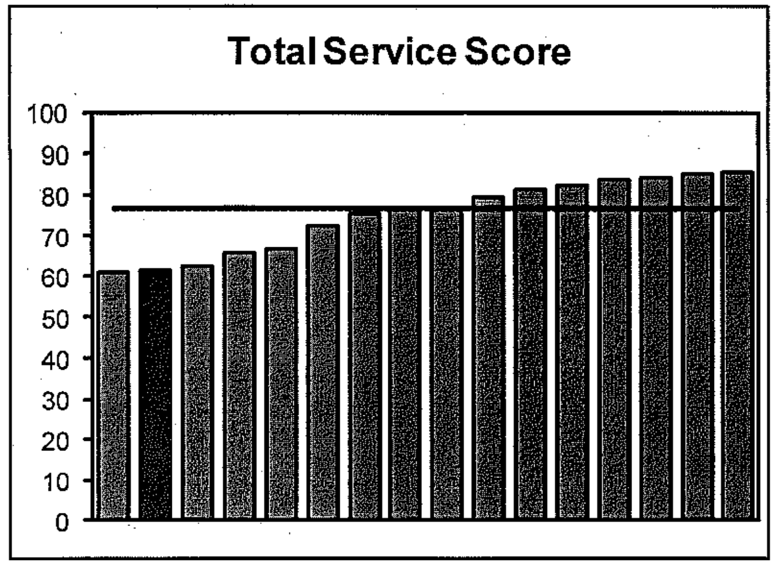
CEM Benchmarking Inc.
What gets measured gets managed

Where you can improve your Service Score:

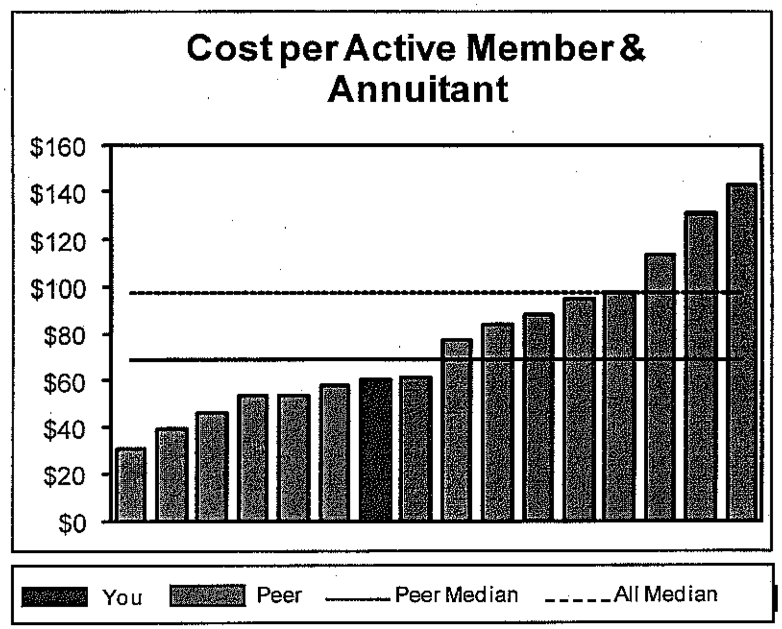
- CEM is not recommending these changes.
- Improvements should be important to your members and cost effective.
  - Do single activity focused Satisfaction Surveying for all key activities
  - Improve your call wait time
  - Provide more Online Tools and Transactions
  - Monitor your Call Center staff regularly

Key Takeaways

1. Your Total Service Score of 61 was below the peer median of 77.



2. Your Total Cost of $60 per Active Member & Annuitant was below the peer median of $69.



CEM Benchmarking Inc.
What gets measured gets managed