PERA
Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

Governance Committee Meeting

PERA Building • Senator Fabian Chavez, Jr. Board Room
33 Plaza La Prensa • Santa Fe, NM 87507

Tuesday, March 12, 2024

following SmartSave Committee

Committee Members

Augustine Romero, *Committee Chair*
Francis Page, *Committee Vice Chair*
Stephen Astorga
Tony Garcia
Roberto Ramirez

AGENDA

1.	**Call to Order**			
2.	**Roll Call**			
3.	**Approval of Agenda**			
4.	**Approval of Governance Committee Minutes**			
	A.	September 28, 2023 Governance Meeting Minutes	Action	Augustine Romero, Committee Chair
5.	**New Business**			
	A.	2024 Governance Committee Workplan	Action	Anna Williams, Deputy Director
	B.	Presentation on the CEM Benchmarking Survey	Informational	Jim Stamper; Yvette Van Velsen: CEM Benchmarking
	C.	Report on Board Financial Disclosures	Informational	Anna Williams
	D.	Presentation on yearly training requirements of the Board	Informational	Anna Williams
6.	**Adjournment**			

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at (505) 795-0712 or patriciab.winter@pera.nm.gov at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.

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Paula Fisher
Chair, State Member
Greg Trujillo
Executive Director

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MEMORANDUM

TO: Governance Committee

FROM: Anna Williams, Deputy Director

DATE: March 12, 2024

SUBJECT: 2024 Governance Work Plan

The purpose of the Governance Committee is to assist the PERA Board in fulfilling its fiduciary responsibilities to the PERA Trust and its oversight and governance of the Association and the Board. The Committee is authorized by NMSA 1978, Section 10-11-130 and Rule 2.80.200 NMAC. By rule, the Committee is responsible for developing, reviewing, and monitoring compliance with the PERA Board's Policies and Procedures, Code of Conduct, complaint procedure, and proposed Board disciplinary actions.

The Committee will, in collaboration with the Executive Director and appropriate designated staff:

- Informs the Board regarding matters including but not limited to Board elections, educational requirements, travel and potential or actual conflict of interests.

- Review, develop and ensure the timing and processes for the following:
  - Strategic Planning
  - Annual Board self-assessment
  - Annual Executive Director performance evaluation

The following is the 2024 Governance Committee Work Plan:

March 12, 2024

- Presentation 2024 Governance Work Plan
- Presentation on the CEM Benchmarking Survey
- Report on Board Financial Disclosures
- Presentation on Yearly training requirements of the Board

June 11, 2024:

- Presentation on the CEM Benchmarking report
- Present a non-financial conflict of interest form for the Board members to adopt
- Presentation on Board Education and Travel

September 10, 2024

- Report on Board Member Gift Reporting
- Update on Strategic Plan

December 10, 2024

- Board Members Annual Education and Related Travel
- Update on Strategic Plan

Also, the following items to come before the PERA Board in 2024:

July 23-24, 2024

- Board's self-evaluation

The Work Plan is subject to change as needed.

Pension Administration Benchmarking

CEM at a glance

Founded in 1992 by:

- Keith Ambachtsheer

Chief Executive Officer

- Rashay Jethalal

Office Locations

- Canada
- UK
- USA

Our Mission | To improve the lives of pensioners globally by providing unique insights and access to enhance the decisions of institutional investors and administrators.

CEM by the numbers

- 30 Years serving institutional investors
- 20+ Countries served
- 500 Institutional funds benchmarked
- 150 Of the world's top 300 funds use CEM
- $14T AUM investment database
- 50M Member data points

Core Products

Subscriptions

1. Investment Benchmarking Subscription
2. Defined Contribution Benchmarking
3. Pension Administration Benchmarking Subscription
4. Transparency Benchmarking
5. Global Leaders

Services

6. Custom Research

Data-driven • Objective • Expert • Trusted

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Pension service organizations are experiencing significant changes.

Digitalization

- Members have higher expectations based on their interactions with companies in other industries.
- Upgrading or replacing legacy systems is impacting the costs for most organizations.
- As digitalization increases, there is a growing concern about cybersecurity and data quality…
- … and there are opportunities with robotic automation and AI.

Post-pandemic impacts

- More transactions are happening on secure websites.
- Organizations are adjusting to remote or hybrid work models.
- Employee recruitment and retention issues are disrupting pension operations.
- There has been a substantial decrease in call service levels.

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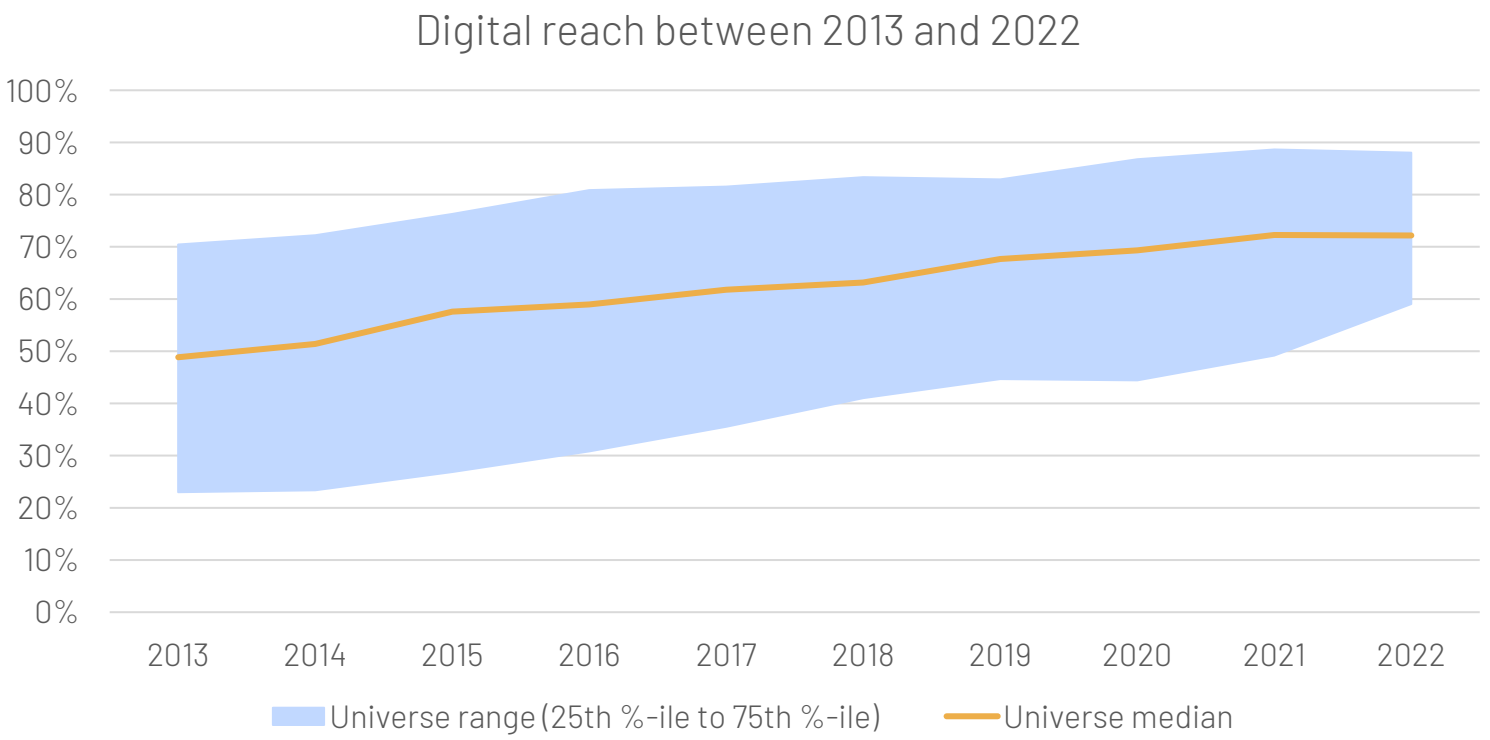
Average digital reach has increased by 20%.



* Based on 30 of pension organizations with 10 consecutive years of data.

Digital reach is a measure of digital adoption. It is the proportion of your self-service volumes as a % of total incoming volumes.

e.g.:

Total secure website visits (A)	400,000
Incoming calls (B)	70,000
Incoming emails/messages (C)	9,000
Incoming letters (D)	20,000
Digital reach [A / (A + B + C + D)]	80%

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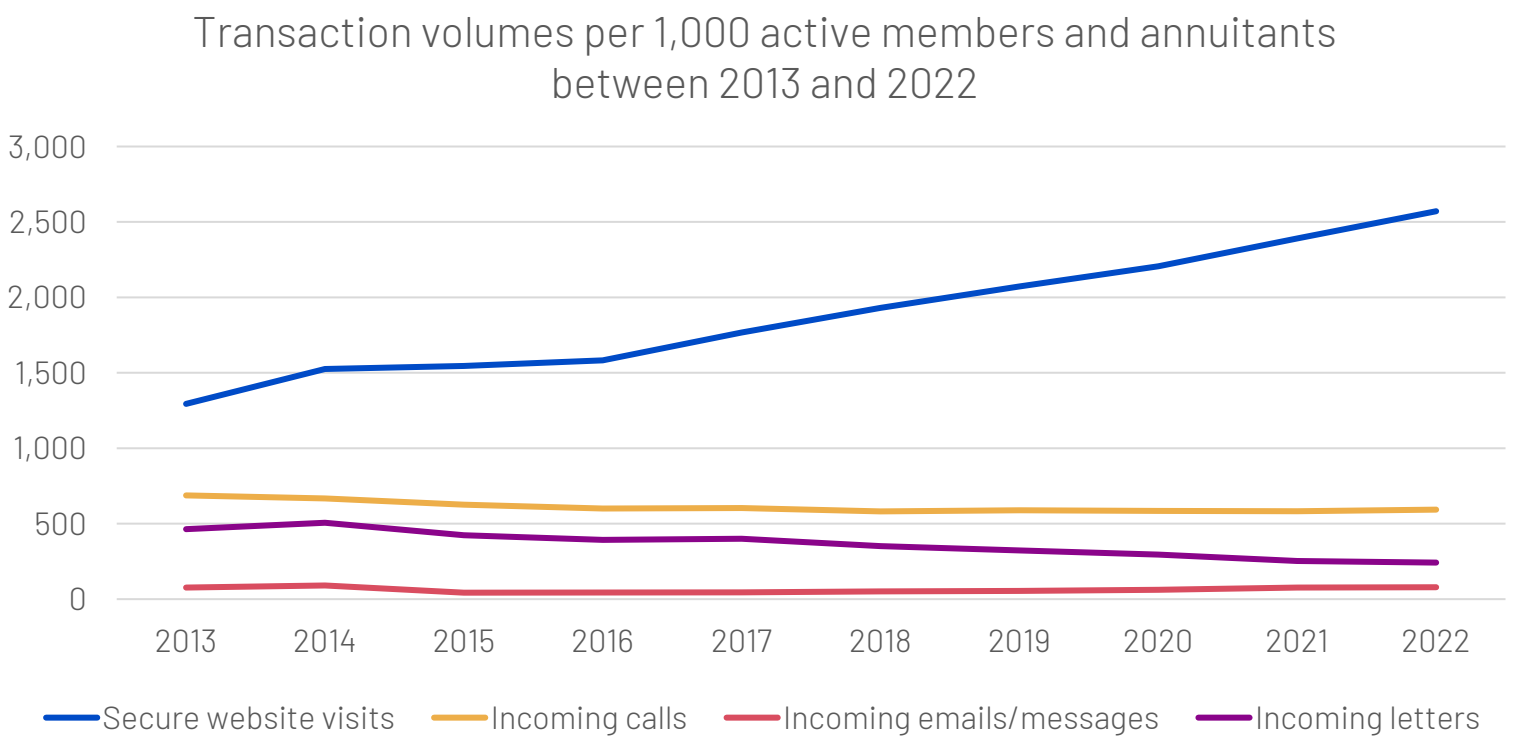
Secure website visits have doubled.



* Based on 30 of pension organizations with 10 consecutive years of data.

Changes in transaction volumes between 2013 and 2022:

- Secure website visits, +99%
- Incoming calls, -14%
- Incoming emails, +4%
- Incoming letters, -48%
- Counseling sessions, -26%
- Written estimates, -14%
- Online estimates, +50%

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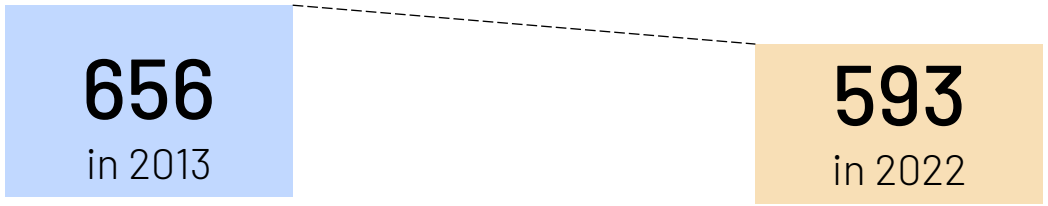
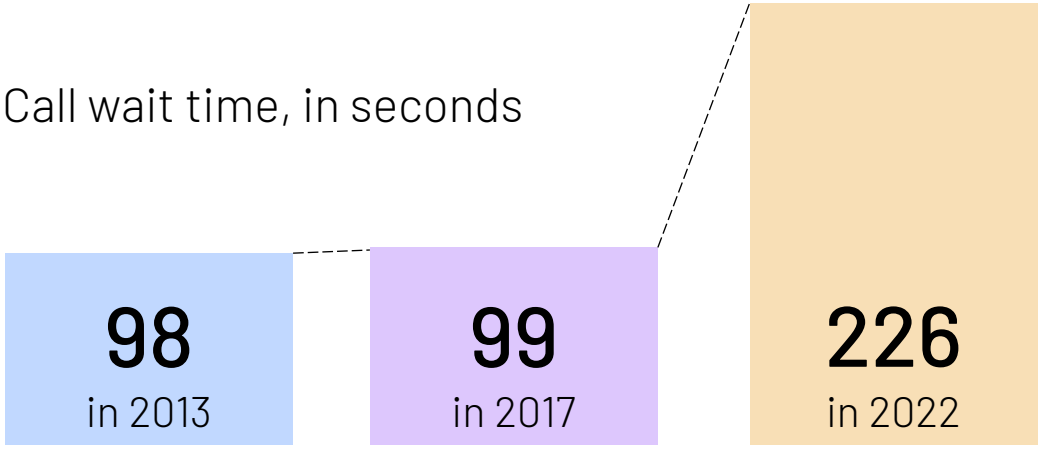
The nature of member calls has changed for most pension organizations.

Incoming calls per 1,000 active members and annuitants

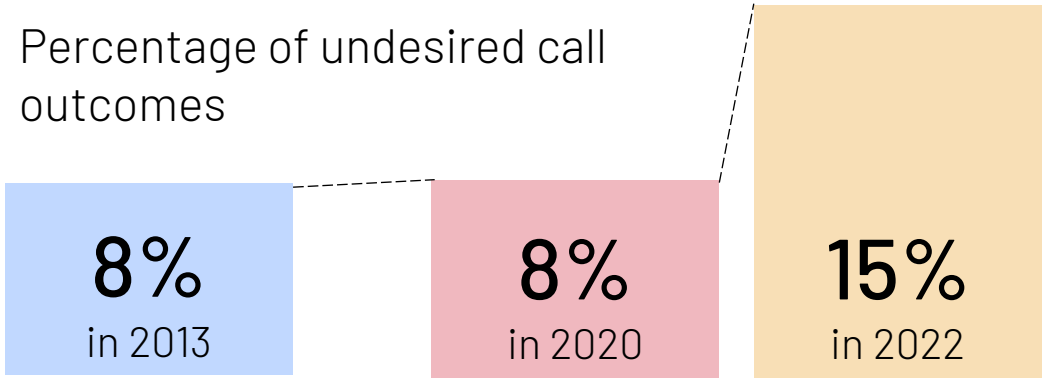


Call wait time, in seconds



Time on call, in seconds

Percentage of undesired call outcomes



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* Based on 30 of pension organizations with 10 consecutive years of data.

The Pension Administration Benchmarking Subscription helps organizations understand their performance relative to their peers.

1 Customized reporting for your stakeholders

- Detailed cost and service comparisons versus relevant peers
- Presentation to the Board, management teams and/or other stakeholders

2 Access to the community

- Annual CEM Global Conference, workshops, and community webinars
- Peer Intelligence Network: an online forum for CEM participants

3 Proprietary research

- Original CEM research
- Webinars on topical pension administration issues

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The reporting provides detailed comparisons across key areas.

Journeys/activities	Service Levels	Costs	Staffing (FTE)	Volumes	Member feedback
Active member experience	✓				
Inactive member experience	✓				
Retiring experience	✓				✓
Annuitant experience	✓				
Contact centre	✓	✓	✓	✓	✓
Website	✓	✓	✓	✓	✓
Member transactions		✓	✓	✓	
Member communications		✓	✓	✓	✓
Service to employers		✓	✓	✓	✓
Information technology		✓	✓		
Governance		✓	✓		
Other support		✓	✓		

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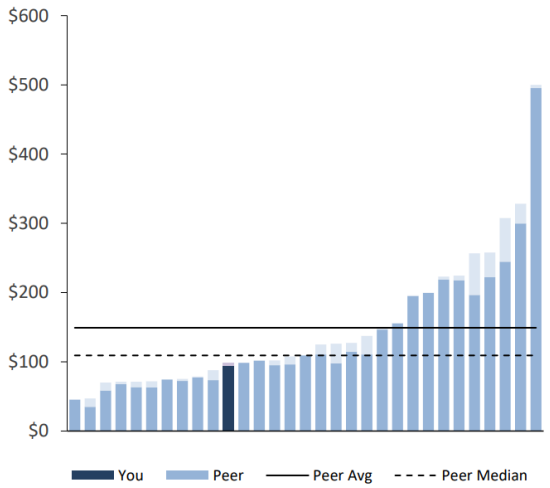
The analysis provides an answer to the question: “Do your members get value for their money?”

Your total pension administration cost of $100 per active member and annuitant was $49 below the peer average of $149.

Pension Administration Cost Per Active Member and Annuitant [1]



Category	$000s You	$ M… A… Yo…
Business-As-Usual Costs	30,000	
Major Project Costs [1]	20,000	
Total Pension Administration	31,875	1…

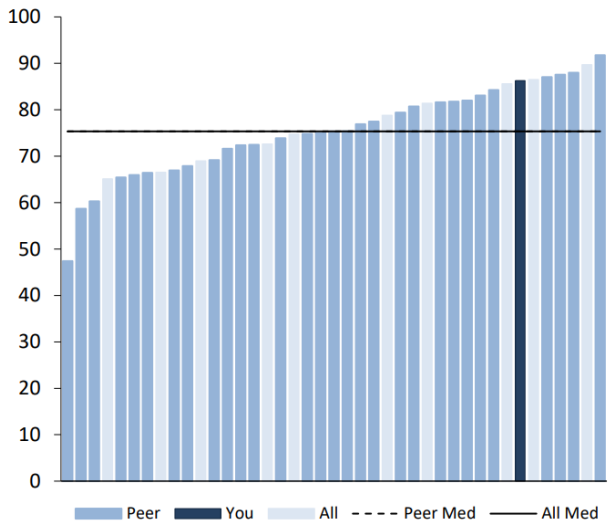
We include costs that are directly related to pensi… administration (e.g., staff costs or an third-party co… attributions of governance, financial control, IT, bu… utilities, HR, support services and other costs.

The costs associated with investment operations a… investment management are specifically excluded.

1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

Your total service score was 86. This was above the peer median of 75.

Total Service Score [1]



1. The service score methodology was updated this year. Based on last year's service model, your service score would have been 84, which was above the all median of 77.

CEM believes the best measure for value for money is member service, or the service score.

Service is defined from a member’s perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Your total service score is the weighted average of the service scores for each of the four member journeys

Service Scores by Journey

Journey	Weight	You	Peer Median
Active member experience	30%	84	73
Inactive member experience	5%	82	75
Retiring experience	35%	84	76
Annuitant experience	30%	92	76
Total service score	100%	86	75

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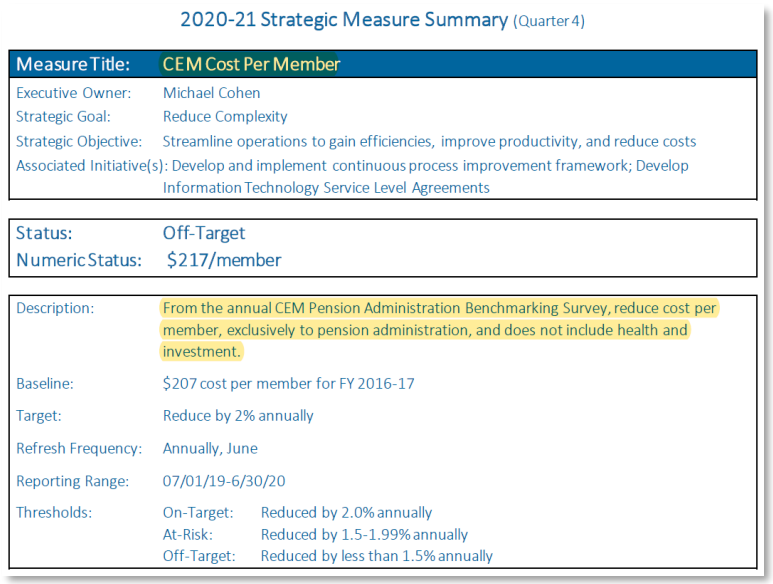
Organizations cite CEM results in their public disclosures.

CalPERS

ONTARIO TEACHERS' PENSION PLAN

USS UNIVERSITIES SUPERANNUATION SCHEME LIMITED



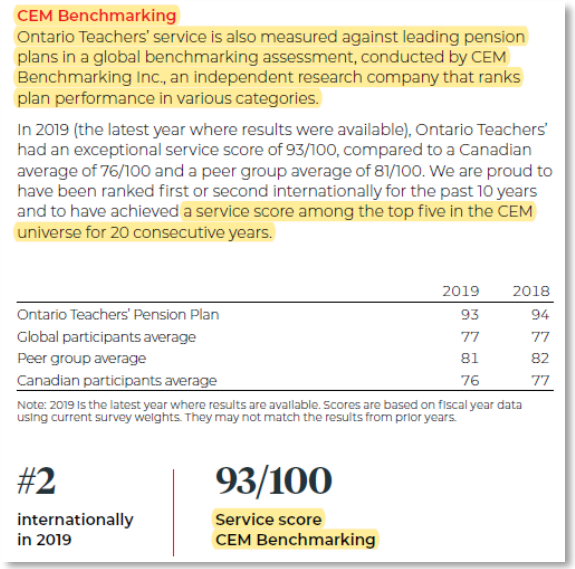
2020-21 Strategic Measure Summary (Quarter 4)

Measure Title:	CEM Cost Per Member
Executive Owner:	Michael Cohen
Strategic Goal:	Reduce Complexity
Strategic Objective:	Streamline operations to gain efficiencies, improve productivity, and reduce costs
Associated Initiative(s):	Develop and implement continuous process improvement framework; Develop Information Technology Service Level Agreements

Status:	Off-Target
Numeric Status:	$217/member

Description:	From the annual CEM Pension Administration Benchmarking Survey, reduce cost per member, exclusively to pension administration, and does not include health and investment.
Baseline:	$207 cost per member for FY 2016-17
Target:	Reduce by 2% annually
Refresh Frequency:	Annually, June
Reporting Range:	07/01/19-6/30/20
Thresholds:	On-Target: Reduced by 2.0% annually At-Risk: Reduced by 1.5-1.99% annually Off-Target: Reduced by less than 1.5% annually

Fourth Quarter Report 2020-21: Strategic Measures | Page 7



CEM Benchmarking

Ontario Teachers' service is also measured against leading pension plans in a global benchmarking assessment, conducted by CEM Benchmarking Inc., an independent research company that ranks plan performance in various categories.

In 2019 (the latest year where results were available), Ontario Teachers' had an exceptional service score of 93/100, compared to a Canadian average of 76/100 and a peer group average of 81/100. We are proud to have been ranked first or second internationally for the past 10 years and to have achieved a service score among the top five in the CEM universe for 20 consecutive years.

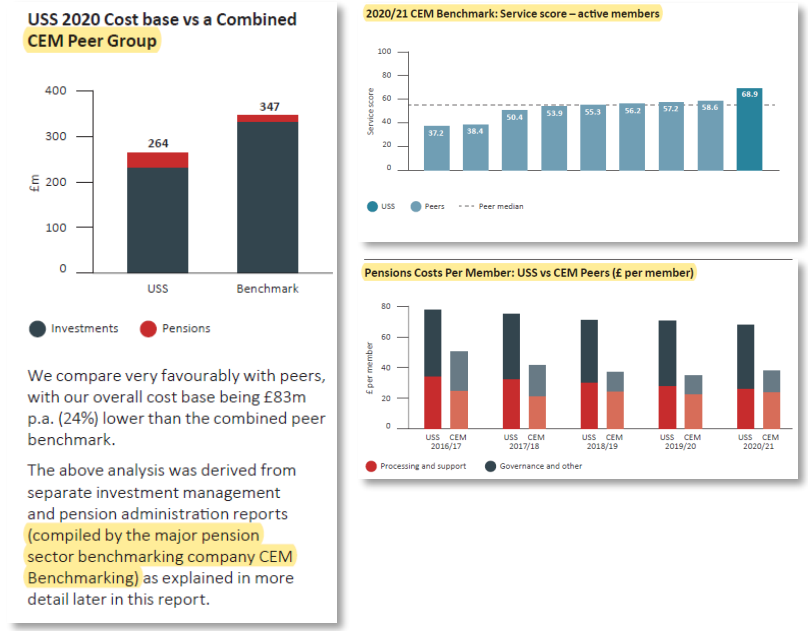
	2019	2018
Ontario Teachers' Pension Plan	93	94
Global participants average	77	77
Peer group average	81	82
Canadian participants average	76	77

Note: 2019 is the latest year where results are available. Scores are based on fiscal year data using current survey weights. They may not match the results from prior years.

#2 internationally in 2019

93/100 Service score CEM Benchmarking

2020 Annual Report | Page 22



2024 Value for Money Supplement | Pages 1-3

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The reporting process and timeline is as follows.

The new CEM survey is 33% shorter!

Survey published

System receives login to annual survey

September

Survey completed

CEM audits submitted data

December

Draft report

CEM shares draft results

March

Final report

CEM shares final results

April-May

Presentation

CEM presents results to management/ Board

June/TBD

* Dates reflect the June year-end cycle

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Appendix

Our annual subscriptions provide benchmarking, best practices, and shared insights for institutional investors & administrators

	1 Investment Benchmarking Subscription (IBS)	2 Defined Contribution Benchmarking (DC)	3 Pension Administration Benchmarking Subscription (PABS)	4 Transparency Benchmarking (TB)
Subscription Overview	Comparison of **costs** and **investment** performance against curated DB and DC peers	Comparison of **costs** and **investment option** performance against curated DC peers	Comparison of **member experience** and **costs** against curated peers	Comparison of **disclosure** against 75 funds across 15 geographies
Benchmarking Specifics	Benchmarking is at **total fund, asset class,** and **mandate** levels	Benchmarking is at **plan and investment option** levels	Benchmarking of **costs and service levels** for key activities	Review of **governance**, **performance, cost,** and **RI** disclosures
Subscription Inclusions	• CEM Dashboard • Electronic Report • Live Presentation • Staffing (FTE) Analysis • Original Research	• CEM Dashboard • Electronic Report • Live Presentation • Original Research	• Electronic Report • Live Presentation • Conference Invitations • Peer Intelligence Network (PIN) access • Original Research	• Electronic Report • Live Presentation • Report of 120+ best examples

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The future: Pension Administration Benchmarking Service roadmap

I subscribe to CEM...	2023	2024	2025
... to demonstrate my costs and service levels are reasonable	**Member service model update** • Add metrics for (digital) self-service and targeted campaigns. • Reorganize service metrics by member journeys.	**Dashboard** • Comparisons of raw member service data. • Download data to create your own insights. • Securely share insights with stakeholders. • Repository with past reports and research.	**Improved Board reporting** • Curate PDF reports to Boards. The dashboard targets operational teams.
... and to get other data insights I can't get anywhere else	**Voice of the Customer module** • Compare member experience scores for key channels and journeys.	**DC module** • Benchmark for global DC administrators. **Voice of the Customer dashboard**	**Employer service module**
... because the work is easy, the insights are timely and accurate	**Simplify the service model** • Refocus on the most important service metrics. **Improve small plan proposition**	**Simplify transaction volumes** • Reduce number of membership volumes and the need for reconciliation	**Update the cost model** • Update cost activities. • Consider refocusing on the most important cost activities.
... to learn from and with my peers	**DB community** • Roundtables on specific topics or for client contacts in a similar role or region.	**Grow DB community** **DC community** **Voice of the Customer community**	

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MEMORANDUM

DATE: Mach 12, 2024

TO: Governance Committee

THROUGH: Greg Trujillo, Executive Director

FROM: Anna Williams, CPA, Deputy Director

SUBJECT: Financial Disclosure

The Public Employees Retirement Association (PERA) board members are required to follow the Financial Disclosure Act, NMSA 1978 Sections 10-16A-1. As such, financial disclosure should be submitted to the Secretary of State during the month of January by all board members. The following is a listing of board members who submitted their financial disclosure in January.

BOARD MEMBER	FINANCIAL DISCLOSURE SUBMITTED	
	Y	N
Paula Fisher		N
Valerie Barela	Y	
Juan J. Diaz	Y	
Tony Garcia		N
Laura M. Montoya	Y	
Steven Astorga		N
Francis Page	Y	
Shirley M. Ragin	Y	
Roberto Ramirez	Y	
Augustine Romero		N
Diana Rosales-Ortiz		N
Maggie Toulouse Oliver	Y	

PERA Board Yearly Training

March 12, 2024

Augustine Romero, Governance Chair
Greg Trujillo, Executive Director

Board Training

New Board Members:

- All new board members should attend "New Board Member Orientation" within 2 months of becoming a Board Member. PERA Staff provides the training for all new members.

All Board Members:

- A board member may attend two relevant educational conferences or seminars each fiscal year.

- A board member should have no less than 8 hours of training in pension fund investing, fiduciary obligations or ethics each year.

PERA

Education Session Requirement

Fiduciary Education:

- Each year, PERA staff will arrange for a fiduciary education session to be provide to the Board.

Ethics:

- Every year, Board Members are required to complete a two-hour ethics training course.

Sexual Harassment:

- Every two-year, Board Members are required to complete a two-hour sexual harassment/hostile workplace environment training course.

PERA