

MEMO

MEETING DATE

JAN 25 2012

AGENDA ITEM

#8

Date: January 25, 2012

To: CCCERA Board of Retirement

From: Marilyn Leedom, Chief Executive officer

Subject: Benefits Department

Recommendation: Authorize two Benefits Coordinators to work out of class on an interim basis, effective January 15, 2012, until a new Benefits Manager recruitment is completed

Background:

In late 2011, CCCERA experienced the retirements and imminent departure of three experienced upper management staff, our Benefits and Accounting Managers, and our Chief Investment Officer. Additionally, our Deputy Chief Executive Officer position remained unfilled until January 2012.

Our new Deputy CEO, an actuary from The Segal Co., will be focused on training for the next few months. Our new Accounting Manager has come up to speed rapidly, and continues training on a part time basis while managing the division. Rick Koehler, our previous Accounting Manager, is assisting with specific tasks as this successful transition is completed.

Our Benefits Manager, Kathy Somsen, retired and moved out of state. Kathy was a key figure in CCCERA's Benefits Division success for over 15 years. Her flexibility, dedication to our members and staff, innovative thinking, and managerial skills are qualities that have been difficult to replace.

Current Issues:

Our recruitment for the Chief Investment Officer, recently vacated by Cary Hally, is in the preliminary stages. (In the Benefits Department, we are still finalizing recruitments for a Senior Member Services Data Specialist, and Retirement Counselor. Over the last month we have completed recruitments for a Retirement Member Services Data Specialist, a Retirement Counselor and a Member Services Technician. The training has started, but the next three months are crucial.) We will also be recruiting for other staff positions: (Retirement Office Specialist and Retirement Accounting Technician) Resources for concurrent recruitment and staff training for these positions at all organizational levels is finite; we must continue to provide excellent, accurate service to our members while maintaining orderly, efficient knowledge transference.

Additionally, we continue to experience challenges that impact our agency from outside sources; the data needed to keep CCCERA running is increasingly complicated, i.e., changes in the subvention levels on employee contributions, changes in retirement tiers, changes to pay items that will create modifications in final average salary, plus employee pay reductions. These elements are creating an abundance of estimate requests, member questions that must be answered, and data that is continually generated, audited, managed, and verified. The vast majority of these changes affect the functionality of the Benefits Division.

While it is imperative that we concentrate our efforts on recruitment and training for essential positions, it is also imperative that we continue to administer the trust fund with prudence, accuracy and due diligence.

How do we accomplish these goals?

CCCERA has two knowledgeable Benefits Coordinators, who have continued to oversee their respective sections, while taking on additional duties due to the departure of Kathy Somsen. These two individuals have consistently supported and supervised all facets of the Benefits Division, including data manipulation, training, presentation to members, counseling, staff supervision, statistical analysis, solving complicated problems, implementation of new laws and regulations, and human resources tasks.

To properly continue the operations of the Benefits Department, consisting of two Benefits Coordinator positions and 18 other positions from Member Services Technicians to Counselors, I recommend these two coordinators function "out-of-class" on an interim basis, one supervising and managing the Benefits section, and one supervising and managing the Member Services section on an interim basis as recruitment continues.

The current Benefits Manager position oversees not only all functions of the Benefits Division, but also Member Services, plus tasks interrelated with the Accounting, Administrative, and IT Divisions. A thorough working knowledge of defined benefit retirement plans is needed, as is the ability to solve the most difficult member, survivor, disability, and divorce issues lawfully. Special projects may occur (i.e., the Paulson Project) that require procedure development and team organization. This position must also understand and work with information systems and database maintenance. In recent years, we have seen the complexities of administering our system increase exponentially, not only from sheer data volume, but from rapid developments in tiers, depooling, legislation, and collective bargaining agreements. By temporarily structuring this division with two interim managers, we maintain service delivery standards, protect our knowledge and experience base, and provide continuity within the division, while we complete our recruitment goals.

I respectfully request Board approval for the continuance of two Benefits Manager positions on an interim basis, effective January 15, 2012, until we complete the formal recruitment process.