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TMRS Pension Administration System

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Agenda

- Pension Administration System recap
- Activities addressing the risks
- Options under consideration
- Board Guidance

Pension Administration System Overview Recap (February Board Meeting)

- Our Pension Administration System is viable to support current needs & TMRSDirect initiative
- Current city contribution system risks:
 - Unsupported software
 - Security risks
 - Antiquated / non-intuitive interface
- Pension Administration System assessment needed
- Seeking Board of Trustee guidance on options to address current risks, timing and budgetary impact

PAS Overview

City Contribution System

Used by internal staff to manage and process city and member contribution funds. Developed by TMRS staff.

NextGen MBS

Used by internal staff to manage city plan provisions, member account information, and retiree information. Developed by TMRS staff with assistance from software development firm.

TMRSDirect

Strategic initiative to implement customer service features and integrate via straight-through-processing with PAS.

- **MyTMRS Member / Retiree Portal**

Used by members and retirees to access and update account information. Developed by TMRS staff.

- **TMRS City Portal**

Used by city administrative staff to enroll new members, upload contribution data, and access member account information. Developed by TMRS staff.

On the Horizon....

Initiatives to consider

- Replace city contribution system
- Pension Administration System assessment

Issues to consider

- Budgetary impact
- Impact on other projects / resources
(*TMRSDirect*, strategic plan initiatives, potential legislation, etc.)

Benefits of Replacing the City Contribution System

- Mitigates operational and security risks
- Empowers cities to manage contribution reporting
 - Real-time payroll validations and calculation of contributions
 - Ability to self-correct
 - Online functionality for small cities (pre-populated rosters via web interface)
 - Online payment options
- Improves operational efficiencies for cities and TMRS
 - Reduces paper processing
 - Real-time reconciliation (straight-through-processing)
 - Standardized file upload capabilities
 - Automated messaging (due date reminders, error reduction, less phone calls, increased data accuracy)

City Contribution System Activities To-date

2016

- Hired a consultant to develop high-level business requirements
- Developed and deployed a city payroll survey
- Developed overall scope, high-level design and process flow for a replacement system

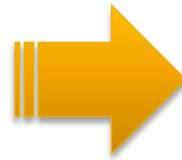
2017

- Completed high-level business requirements
- Drafted an implementation schedule
 - Rollout to internal staff and to cities
 - Training
- Conducted a Build vs. Buy Analysis
- \$2.4 million estimated replacement cost
- RFP developed with two potential vendors identified

Pension Administration System Assessment on the Horizon

Strategic Plan Goal 2, Objective A: “Evaluate and present to the Board recommendations regarding the current Pension Administration System’ ability to continue to support TMRS customer service operations...”

- Perform a comprehensive analysis of TMRS’ Pension Administration System needs
 - Long-term goals / business needs
 - Level of customization
 - Technology
 - Cost
 - Risks



- Enhance current Pension Administration System
- OR
- Build a new Pension Administration System
- OR
- Buy and customize a Commercial-off-the Shelf Pension Administration System

Options for Consideration

Start Pension Administration System Assessment

OR

Delay Pension Administration System
Assessment and move forward with City
Contribution System Replacement

Pension Administration System Assessment

- Comprehensive evaluation of TMRS' current and future needs
 - GAP assessment between TMRS needs and current Pension Administration System functionality
 - Alignment with TMRS Strategic Goals
- Duration: 12-18 Months
- Assessment Cost: \$200-\$300K (2019 Budget Item)

Board Guidance

- Option One:
 - Initiate Pension Administration System Assessment
 - Defer updates to the City Contribution System
- Option Two:
 - Initiate City Contribution System replacement
 - Defer Pension Administration System Assessment

Questions

