



BC PENSION
CORPORATION



FROM 12 TO 21: OUR WAY FORWARD

18-21
OPERATION



MESSAGE FROM THE BOARD

Weldon Cowan, chair of the board of directors

The board of directors shares the corporation's excitement about the next phase of the *From 12 to 21* strategic plan. We've worked together with the exceptional team at Pension Corporation to design the plan and will continue to provide quality oversight in our governance role.

Pension Corporation is changing—not what they do but everything about how they do it. Mostly notable and visible are the new pension plan websites. These modern, well-designed sites provide plan members with easy access to the quality “member-centric” information needed to understand their pension plan and make knowledgeable choices. And most impressive has been the launch of the online pension application. In addition to these outward-facing changes, the corporation continues to evolve its culture, strengthen employee engagement and build agility and resiliency within the organization. These are just some examples of how the corporation is transforming to meet and even exceed member, trustee and plan employer expectations.

On behalf of the board, I thank our CEO and her team for their extraordinary efforts, their ambitious plans and their genuine desire to make Pension Corporation an even better organization tomorrow than it is today. We are proud of the accomplishments to date and we will continue to do our part in support of the changes to come.

A handwritten signature in black ink that reads "Weldon Cowan". The signature is fluid and cursive, with the first name "Weldon" being more prominent than the last name "Cowan".



MESSAGE FROM THE CEO

Laura Nashman, chief executive officer

In 2012, we created an ambitious nine-year plan of business transformation to enable the corporation to shift from a predominately reactive business model dependent on staff stretching to meet service demands, to a high functioning service organization that understands and anticipates changes in its environment and is able to effectively meet the expectations of clients and stakeholders.

Today, six years into our plan, we are well on our way to becoming the organization we set out to be. We are delivering on client and stakeholder expectations: new online services make member-centric information accessible and the pension experience truly easy. We've improved our service to and interactions with plan boards by providing higher quality support and communications, policy and financial services. And we've strengthened from within, building solid technology architecture, reliable cyber security with professional, forward-thinking staff, able to adapt to the changing nature of work.

The 2018–2021 phase of the strategic plan, the Operation Phase, builds on our successes and continues our progress forward. In this final phase, a digital first, but not digital only approach shows up in everything we do.

This approach is consistent with our original message in 2012, when we said, “the strategic plan focuses on developing scalable and flexible solutions—some no tech, some low tech and some high tech.”

In the Operation Phase, we will complete the member experience program, focus on mission critical compliance work, design for automation and begin our journey toward becoming an insights-driven organization. Our goal, by 2021, is to have the capability for retirement applications to go straight through to pay, with no manual processing needed.

There is no shortage of work to do 2018–2021. Our goal is indeed ambitious. It requires us to transform how we do the core pension work that consumes most of our collective energy and resources, and how we manage and measure that work. As we've said many times before, we perform in the present while preparing for the future.

I am proud of our accomplishments and I am confident we will arrive at 2021 as a more mature, high functioning organization in every way.

A handwritten signature in grey ink, appearing to be 'L. Nashman'.

FROM 12 TO 21: OUR WAY FORWARD

Our strategic plan, *From 12 to 21: Our Way Forward*, is a nine-year program of transformation to increase channel choice, maintain compliance with changing rules and legislation and improve service efficiency. It is our guide to meet increasing transaction volumes and evolving expectations of those we serve, while enhancing the experience of staff.



OPERATION PHASE 2018–2021

The Operation Phase is the third and final phase of our overall *From 12 to 21* strategic plan. We developed the plan for this phase through a consultative process with key stakeholders including plan boards, corporation management and the corporate board.

As you read the plan you will see that:

1. This is a risk-based plan. We have identified the most pressing issues we face and we have constructed our strategy to reduce those risks.
2. This plan is comprehensive. We have structured the plan into three simultaneous streams of work that recognize the need to be mindful of day-to-day operational performance, while we embed and realize the value of previous initiatives and, at the same time, we take forward-thinking new actions.
3. This plan is affordable. We anticipate that the size of cost increases will reduce significantly compared to the past few years and on a per member basis, increases will be negligible.

The next three years will be an important continuation of the work we started in 2012. By 2021, we will have positioned ourselves to do much more of our work in a modern way, with new technologies and greater efficiency. We firmly believe the actions we will undertake will enable us to fulfil our purpose of making the pension experience easy for those we serve. We invite you to continue to read about the Operation Phase.

THE ISSUES WE FACE

In 2012, following an environmental scan, we identified five issues that would most shape our organization over the short and medium term and guided the development of our strategic plan, *From 12 to 21*. The following is a summary of the issues we face:



OUR STRATEGIC RESPONSE

Our plan to address the issues facing the corporation requires three interdependent, simultaneous streams of work with nine actions:

Stream 1: Performing in the present—a demonstration of our mindfulness that we must always deliver on day-to-day operational needs

Stream 2: Sustaining actions—key actions we must take to embed and realize the value of past choices, supporting the transformative actions we've taken so far

Stream 3: Strategic actions—the most forward-thinking actions we must take to ensure we are able to meet the changing needs and expectations of those we serve



1. Performing in the present

- Deliver quality service
- Shape our changing workforce
- Maintain our systems



2. Sustaining actions

- Implement plan and post-retirement group benefit changes
- Evolve member experience
- Strengthen information security, management and technology



3. Strategic actions

- Modernize how we get work done
- Automate key transactions
- Develop business insights

DIGITAL FIRST



Throughout all streams, we will apply a digital first approach. We believe digital solutions are often the best response to drive service satisfaction; enhance quality, consistency and accuracy; and, in the long run, mitigate costs. We are mindful, however, that digital and high-tech solutions are not the answer for everything. We believe there is and always will be an appropriate place for low- and no-tech solutions and services.

DEFINING ACTIONS

All work cited in the strategic plan is important, but we will place significant emphasis on modernizing how we get work done and automating transactions such as retirement, group benefit and termination business events. The action with the most amount of uncertainty and potential impact on other actions is implementing and administering plan and group benefit design changes.



PERFORMING IN THE PRESENT

Deliver quality service in the face of growing demands

We will continue to provide quality services to members, employers and trustees. While this is a fundamental action, it is increasingly challenging as the number and complexity of service events increase, plan membership grows and plans change and diverge in design. Other services, such as financial statement preparation, face increasingly complex standards and disclosure requirements.

To sustain service levels in this environment, we must gain efficiencies from previous and ongoing investments in technology and ensure we have the right staff with the right skills to perform new tasks.

Shape our changing workforce and advance a positive employee experience

We must ensure our workforce has the knowledge, skills and competencies required to perform today and meet future business needs. Leadership plays a critical role in enabling staff to thrive in moving our organization forward. We want our employees to have a positive experience from the time they hear about us and throughout their employment.

Over 2018–2021, we will do the following:

- Actively promote ourselves as a professional, forward-thinking corporation with a strong sense of organizational community to attract, recruit and retain a skilled workforce for today and into the future
- Tailor development activities that bridge skill gaps to directly enable our strategies, evolve our workforce characteristics and meet our future succession needs
- Support our leaders as they embrace their accountability for people leadership and inspire their employees to reach their highest performance
- Become a more flexible, mobile workplace that promotes the physical, mental, and social health and wellness of our employees

Maintain our systems

We will ensure our systems are highly available, secure and compliant. This means continually updating our pension administration software and infrastructure with independent security testing. It also means keeping pension, tax and actuarial information current to ensure pension benefit calculations are accurate and compliant with legislation, regulation and plan rules.

Over 2018–2021, we will do the following:

- Ensure secure solutions are available by keeping systems current and security patches applied
- Apply best practice frameworks during development, testing and deployment of system changes
- Conduct an independent security vulnerability assessment twice each year; this assessment is broad in scope and tests infrastructure, applications, social engineering and physical security
- Keep pension calculation information current by identifying and applying appropriate monthly, quarterly and annual updates to pension administration systems (e.g., our retired member payment system, standalone calculators, web applications) and ensuring quality assurance is conducted on all pension calculators



SUSTAINING ACTIONS

Implement plan and post-retirement group benefit changes

By January 2019, we will complete the implementation of the Teachers' Pension Plan (TPP) design changes. We are also prepared to work with other plans on changes they may be considering. We expect that if other plans do change their design that those changes will take between 18 and 24 months to implement, depending on their complexity, magnitude and timing.

We are also preparing for possible post-retirement group benefit plan changes. Depending on their type and timing, we may only be able to implement one group benefit change at a time.

During the past few years, we have worked hard to enhance communication channels with plan stakeholders (boards of trustees, partners and other advisors). While we have some understanding of the plan redesign activities being considered, at the time of writing, possible plan changes is our greatest area of uncertainty.

Evolve the member experience to omni-channel while sustaining 2015–2018 deliverables

By providing a consistent service experience, whether members phone or go online, we will enable members to quickly switch between channels or use multiple channels simultaneously—while we track member interactions. This omni-channel approach puts the member at the centre of the experience.

To make this happen, we must have the necessary digital infrastructure to ensure consistency of content and experience across channels.

Through 2018–2021, the evolution to omni-channel will begin to broaden from its initial member focus to include employers, so in time, they too will have a consistent experience, no matter which channel they choose. Our staff will also benefit from the omni-channel approach, as they will use multiple channels to access information and provide services to members and employers.

To continue meeting expectations, we must sustain our member-focused efforts and continue to do the following:

- Build member-centric communications competencies
- Enhance user-experience testing capabilities
- Optimize member services centre functionalities

Strengthen information security, management and technology

We will sustain our investments in three key areas:

1. Strengthen information security:

In addition to our regular practice of integrating information security into all programs and projects, three discrete actions are required to strengthen information security:

- Increase information privacy, security, process and analytics training
- Replace security devices and introduce behavioural analytics and enhanced cyber-threat response capabilities
- Implement new identity and access management solution for appropriate stakeholder groups

2. Strengthen information management:

We rely on accurate and available information, and will continue to mature our information management (IM) processes and systems for member data and records management. Additionally, we will refine our control frameworks to enable tight integration of information and processes with strong information security.

We will mature our IM capability by emphasizing member data and focusing on the following key activities:

- Manage information throughout its lifecycle to ensure it is accurate, authentic, available, complete and traceable
- Minimize paper, digitizing information wherever possible

3. Strengthen investments in information technology:

To ensure high availability, we will invest in a new private cloud infrastructure for our mission-critical pension administration systems. We must protect these systems and member data with a robust security solution; we will move less critical applications to a simplified commercial cloud infrastructure and software as a service model (SaaS). For example, Microsoft Office software will move to the Canadian Microsoft cloud. To sustain the investment and agility of new *From 12 to 21* pension applications, we will implement an application lifecycle management process and technology.



STRATEGIC ACTIONS

Modernize how we get work done

We will re-engineer and modernize the way we receive, process, measure, monitor, manage and control automated and non-automated pension transactions. To do so, we will implement two solutions:

- Case management—to use with employers as we integrate them into the end-to-end transaction process, from enrolment to remitting front-end validated data for retiring and terminating members (among other uses)
- Workflow management—to enable improved workforce productivity and operational efficiency

Automate approval and payment processing for retirement and termination transactions

By implementing case and workflow management, we will then be able to build the capability to automatically approve and process retirement and termination transactions straight through to pay. We will implement this capability beyond 2021.

Once implemented, the business process will identify transactions for automated approval and payment, and direct non-automated transactions to qualified staff, who will complete and reintroduce the transactions back into the automated process to finalize the benefit payment.

As well, we will partner with group benefit carriers to do the following:

- Automate group benefit enrolment and premium deductions for retiring members through the online retirement application process
- Enable self-serve group benefit administration (enrolment, additions, deletions, cancellations and payment options) for retired members

Furthermore, we will expand service management to more employers. This means we will be proactively reaching out and working closely with more than employers to improve the reliability and quality of the data we receive. We will increase employer knowledge about their plan responsibilities, reducing work for them and us. We will implement front-end data validation, notifying employers in real time if the retirement and termination data they submit contains errors or inconsistencies.

Develop business insights by introducing and maturing business analytics

We will become an insights-driven organization, driving greater business value through better management decisions informed by enhanced information management. This means we will move from providing hindsight or oversight reporting on what has already happened, to providing more effective foresight on key business activities. Ultimately, this will lead to greater insight into our business with increased evidence-based (not anecdotal) decision making.

Over 2018–2021, developing insights will allow us to do the following:

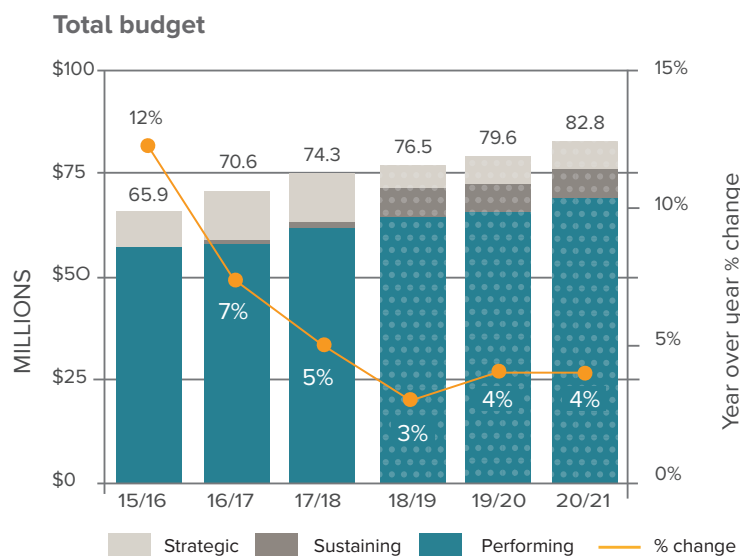
- Optimize content to meet member needs
- Identify opportunities to optimize channels of choice and simplify tasks
- Increase operational efficiency and manage risk appropriately through a robust control framework

Improved business decisions and better information to stakeholders allows us to provide the following:

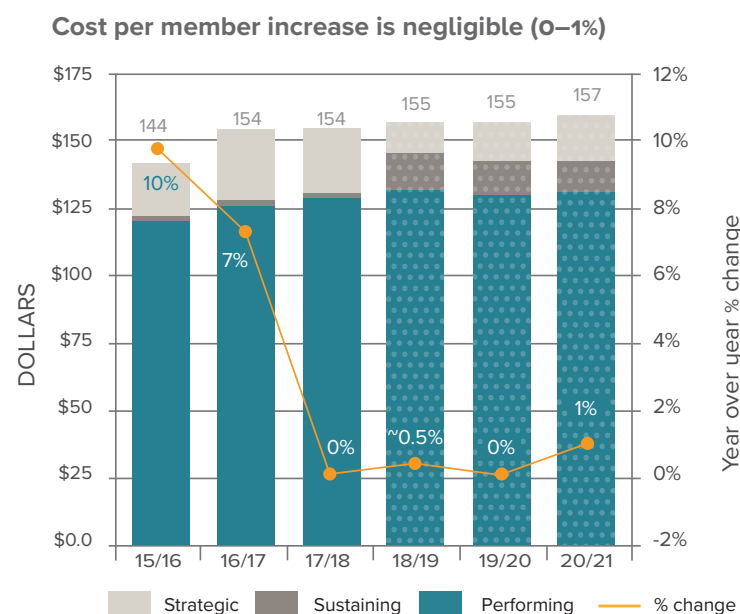
- To plan boards—improved information on service delivery outcomes to enhance their trust and confidence in the services we provide
- To management—better and more timely information regarding core operations to support faster decision making and improve our operational efficiency and effectiveness
- To the executive and corporate board—dashboard information on business activities and outcomes, including service cost, cost allocation and risk issues, as a way to measure overall corporate health

INDICATIVE FINANCIAL OVERVIEW

We anticipate the size of our budget to increase at about four per cent a year through 2018–2021. Although the budget will grow, the size of these increases are substantially smaller in comparison to the past few years.



Cost increases per member are even lower, in the zero to one per cent range. Low cost per member reflects positively on the corporation and demonstrates that we are fiscally responsible.



We believe this indicative financial picture will help us deliver on our strategic priorities and address risks. We also have confidence that our approach will help us remain the lowest-cost service provider compared to our peers.

WE TAKE A PRINCIPLED APPROACH TO COSTS

- Leverage shared services model to spread infrastructure costs across plans for the benefit of all
- Continue to be among the lowest cost pension service providers in Canada by prudently investing in our business
- Budget accurately by targeting a less than one per cent variance from any preliminary indicative targets
- Sustain the service experience, while directing members and employers to the most effective channel
- Smooth investments that sustain technology over several years to decrease the likelihood of cost spikes and infrastructure obsolescence down the road—leaving more funds available to invest for the benefit of members
- Thoughtfully invest in process automation to reduce the risk of costly payment errors, while also boosting efficiency

FORWARD-LOOKING INFORMATION IS SUBJECT TO CHANGE. WHAT WE FORECAST MAY DIFFER FROM WHAT OCCURS FOR A VARIETY OF REASONS:

- Differing salary assumptions
- Changing currency valuation
- Fluctuating service events
- Changing technological costs
- Shifting timing and complexity of plan and post-retirement group benefit design changes

CONCLUSION

The next three years will be an important continuation of the work we started together in 2012, helping us mitigate the risks associated with our five issues. By 2021, we will be positioned to do much more of our work in a modern way, with new technologies and greater efficiency.

Our actions in 2018–2021 represent a thoughtful, measured response to issues that balance costs, risks and the pace of change. We firmly believe the actions we propose for the next three years will continue to secure our position as a low-cost provider delivering accurate, quality service to members, employers and plan boards.



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