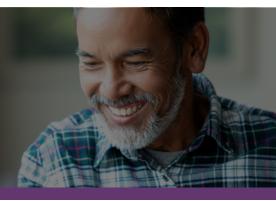


Public Pension Enhanced Self-Service: A Modern Imperative



INTRODUCTION

America's baby boom generation is at a crossroads. Roughly 73 million baby boomers will be at least 65 years old in 2030, marking their collective entrance into retirement. This demographic shift, known as the "gray tsunami," will seriously impact U.S. labor markets and health systems. This in turn will present public pension systems with a common, overarching challenge: how to prepare for the impending wave of retiring baby boom civil servants, as their current administrative systems remain inefficient, manually dependent, and inflexible due to obsolete legacy technology. Of the systems' most pressing needs, none is more urgent than enhanced member self-service, that puts administrative capability into the hands of pension members for 24/7 omnichannel access.

THE STATE OF STATE AND LOCAL RETIREMENT SYSTEMS

According to the U.S. Census Bureau, America's roughly 5,000 state and local public sector retirement systems³ have 14.7 million active (working) members and 11.2 million retirees, with \$323 billion in annual benefit distributions.⁴ These already-significant statistics will balloon with the coming wave of retiring baby boomers and are expected to increase further with so many boomers choosing to retire due to the pandemic.

Public pension systems must provide critical retirement information to members pre- and post-retirement, so they can make appropriate planning decisions. This includes keeping members fully informed throughout their active public sector careers, with timely alerts about deadlines, contributions, service time records, and legislation that could affect their eligibility and payouts. However, the mainframe platforms of most public pension systems were not designed to handle the transaction volume and complexity of today's member population. As a result, members depend on system staff, plan administrators, and employers for customer support, which takes staff away from more critical assignments, leaves room for human error, and often yields low morale. Given this situation, enhanced member self-service is even more critical for efficient, long-term public pension operations.

ENHANCED PUBLIC PENSION SELF-SERVICE ADVANTAGES

With enhanced member self-service, members are no longer dependent on system staff for time-consuming customer support, which often requires mailing and hand-delivering of important documents. Manual labor also distracts staff from more important priorities and can result in disengagement and subsequent human error. With comprehensive self-service, members can perform administrative activities

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across multiple channels at their convenience, saving them and system staff time and effort. Self-service capability also empowers members to take charge of their own account administration. Other tangible benefits include cost savings and additional security of members' information by not relying on physical mail to send and receive sensitive data. Members who actively engage in self-service can track the status of financial transactions, to develop a complete paper trail of retirement activity for their own records and reference. They can also bypass the system's call center for added convenience, further contributing to overall system efficiency.

CONCLUSION

As U.S. public pension systems prepare to contend with the expansion of increased member retirement, a streamlined self-service solution is critical. By enabling significant cost savings and operating efficiencies, as well as empowering members to take charge of their retirement planning, enhanced member self-service will provide future retirees with confidence and peace of mind throughout their golden years.

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- 1 "2020 Census Will Help Policymakers Prepare for the Incoming Wave of Aging Boomers," U.S. Census Bureau, December 2019.
- 2 Ibio
- 3 States Info, https://www.nasra.org/states
- 4 Public Plans Data, National Data: https://publicplansdata.org/quick-facts/national/

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