Imperial County Employees' Retirement System (ICERS)

Buybacks

Operational Baseline, Functional Requirements, and Business Process Improvement

September 21, 2023

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03 - Buybacks

1. Overview

This section contains a brief description of the process area being addressed in this requirements document including primary goal, objectives, and stakeholders.

The purpose of the Buyback process is to allow eligible active, deferred, or retired members to increase their ICERS retirement benefit by purchasing eligible service credit.

Objectives to be achieved:

- Review requests to purchase service credit and determine eligibility.
- Research, verify, and audit service to accurately calculate the cost of the service credit purchase (and contributions and interest owed to make the purchase).
- Obtain supporting documentation as needed from member, employer, or other retirement system.
- Collect and record payment for the buyback.
- Apply the service credit to the member's record.

List of available buybacks in ICERS:
- Extra Help
- Medical Leave
- Military Leave
- Redeposit
- Public Service

2. Roles & Responsibilities

This section contains roles represented in the current state process.

Role	Responsibility
Eligible Member	An active or deferred member who is eligible to increase their ICERS retirement benefit by purchasing eligible service credit.
Retirement Specialist	ICERS staff to review and process buybacks. Notify Auditors of the deduction amount & CDH code(s) for the member.
Employer - Auditors	Input the deduction amount and CDH code for employee

3. Workflow Diagram Legend

Icon	Description
	Task or activity within a process
⊞	Sub-process within a process
◯	Start event/process
O	End event/process
◎	Interim event
⊕	Timer event
Ⓐ	Escalation event
Ⓝ	Error or exception event
◇	Gateway or decision point
✉	Send message or task
✉	Receive message or task
⚙	Service > automated process using software or hardware
👤	User > person performs task with assistance of software application

4. Current State Process

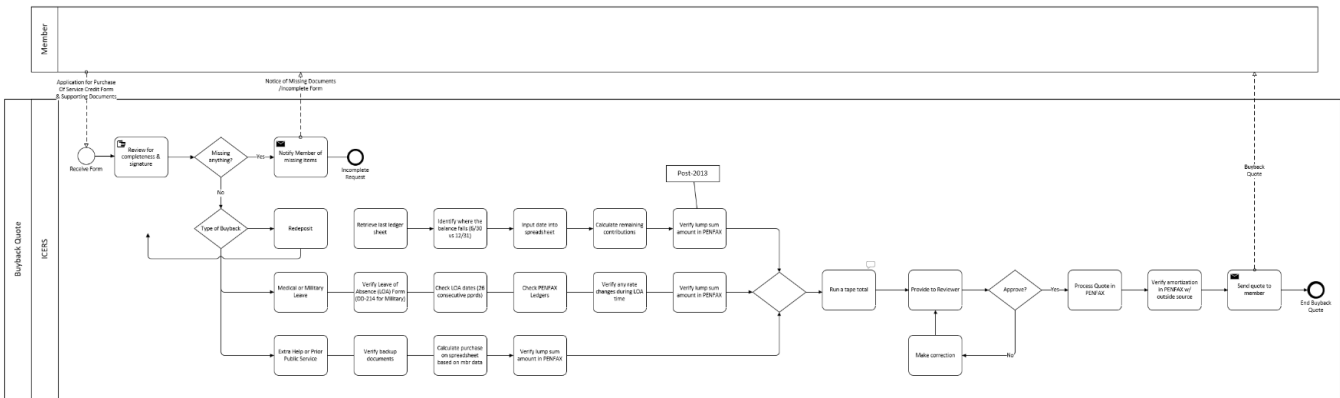*This section includes BPMN 2.0 representation of current state.*
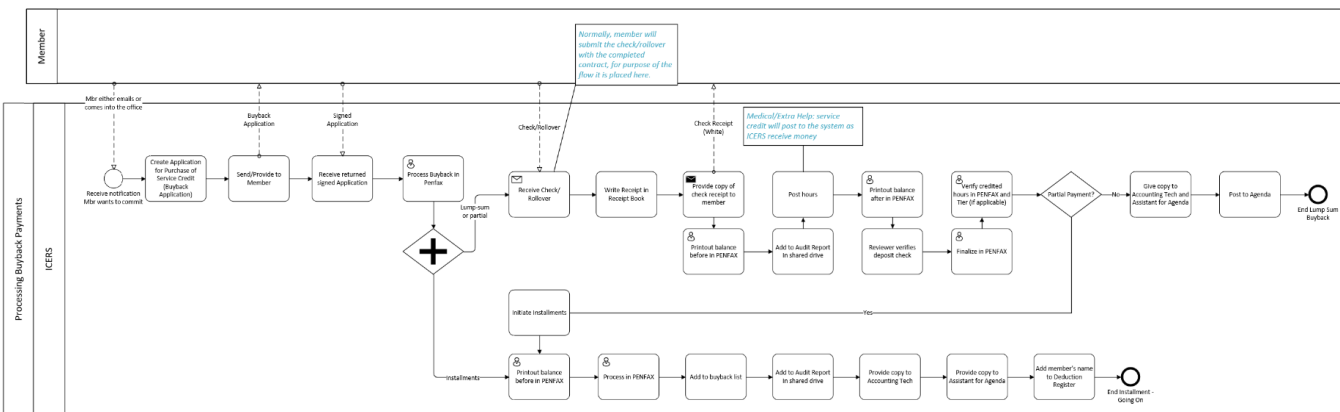
Current_Buyback
Flow.pdf

4.1 Buyback Quote

Processing Buyback Quote – Current State
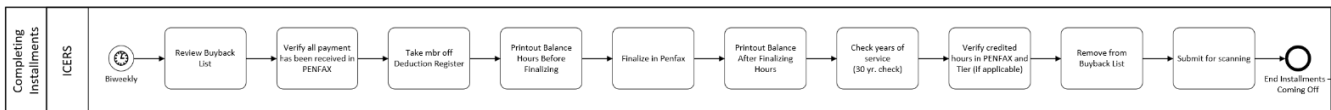

4.2 Processing Buyback Payment

Processing Buyback Payments – Current State

4.3 Installments – Coming off

5. Opportunities & Recommendations

This section includes opportunities discovered during the Operational Needs Assessment and the recommendations that accompany it. This will be used to create the future state process.

Opportunity

Allow for members to submit buyback request forms and backup documentation online and provide an ability to provide quotes in a member portal

Recommendation

- Introduce a self-service quoting tool within the member portal that allows members to get an estimated cost for a specific buyback. The tool should be intuitive and provide real-time quotes based on the member's current information. This would enable members to evaluate the feasibility of a buyback before submitting an official request, thus reducing the number of non-actioned quotes generated by staff.
- Enable members to fill out an integrated service purchase form within the member portal, featuring dynamic options that prompt for the relevant backup documents based on the selected type of service purchase. Once submitted, the PAS should initiate a workflow for staff to calculate quote OR automatically calculate a quote for member.

Opportunity

The current two-step service purchase process (quote then contract) could be consolidated for efficiency and member convenience.

Recommendation

Unified Document Delivery: Send the contract alongside the service purchase quote to enable immediate action by the member.

Digital Platform Usage: Employ a digital platform where members can review, digitally sign, and submit contracts instantly upon deciding, reducing processing time and paper usage.

Automated Follow-up: Implement an automated follow-up system to remind members to act upon their quotes and contracts, enhancing member engagement and potential commitment.

Opportunity

Reduce the use of external tracking spreadsheets and reports by utilizing an internal tracker in the PAS

Recommendation

- Integrate built-in reporting and tracking capabilities within the pension administration system, eliminating the need for external spreadsheets.
- Focus on recording only signed contracts and active installment payments, rather than all member quotes, to streamline staff workload and enhance data integrity.
- Notification or report in the PAS when an installment payment is ending to give staff time to notify employers

Opportunity

Installment payments for buybacks are being allocated to the current contribution buckets instead of their designated ones.

Example: current contribution rate bucket – July 14, 2023, but it's supposed to go into January 2020 (July 2019 bucket)

Recommendation

Accurate Allocation: Implement logic to ensure monies are allocated to the correct fund buckets based on predefined criteria or payment type (e.g., medical buyback) and based on the fund buckets in effect for the dates being purchased.

User Verification: Provide a verification step for users to confirm or modify the fund bucket allocation before finalizing the payment process.

Payment Mapping: Enhance system prompts or User Interface to clearly guide users during payment processing, highlighting correct bucket allocation and offering the ability to manually adjust if needed.

Opportunity

Improve checks and validation within the PAS to reduce the amount of manual checking and outside calculators

Recommendation

Integrate automated validation algorithms within the PAS to cross-verify the calculated costs for buybacks. These algorithms should mirror the calculations currently performed manually via Excel worksheets, thereby reducing the need for staff to engage in time-consuming manual checks.
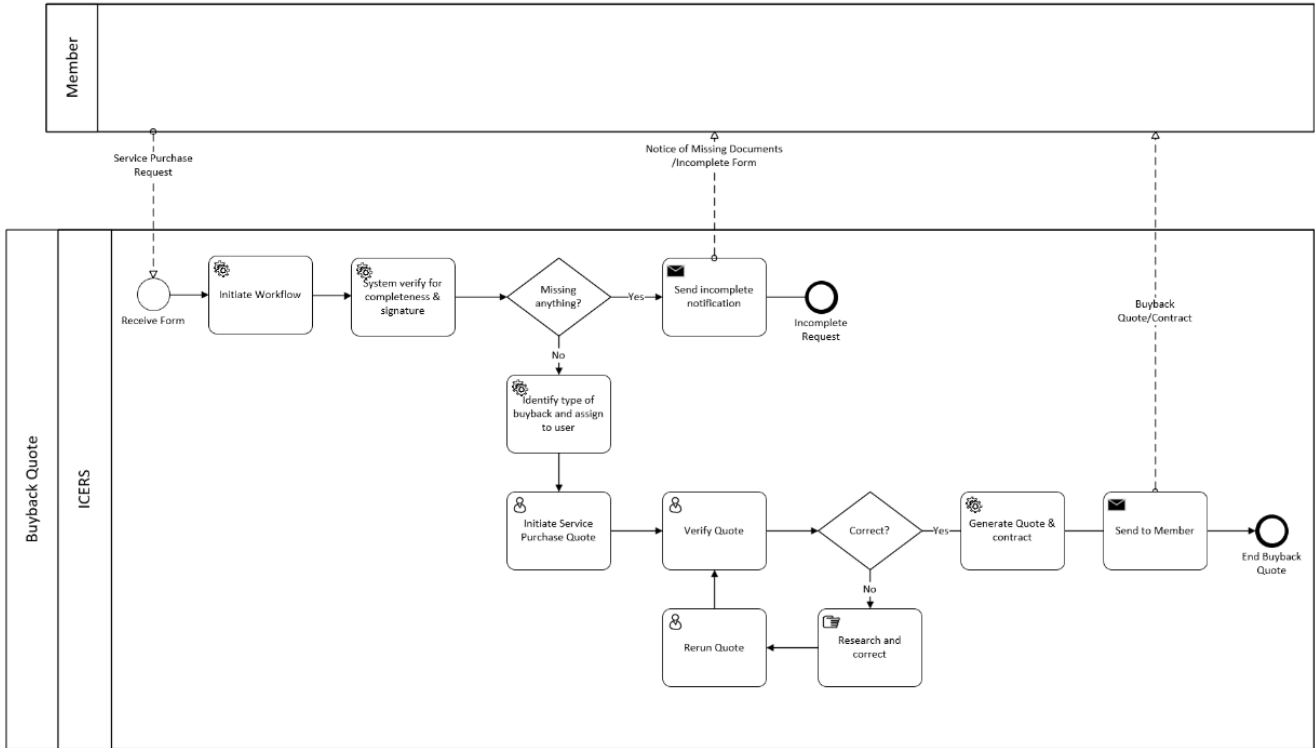
6. Future State Process

This section contains the proposed future state process. The BPMN diagram identifies high-level steps of the workflow and interactions between groups.
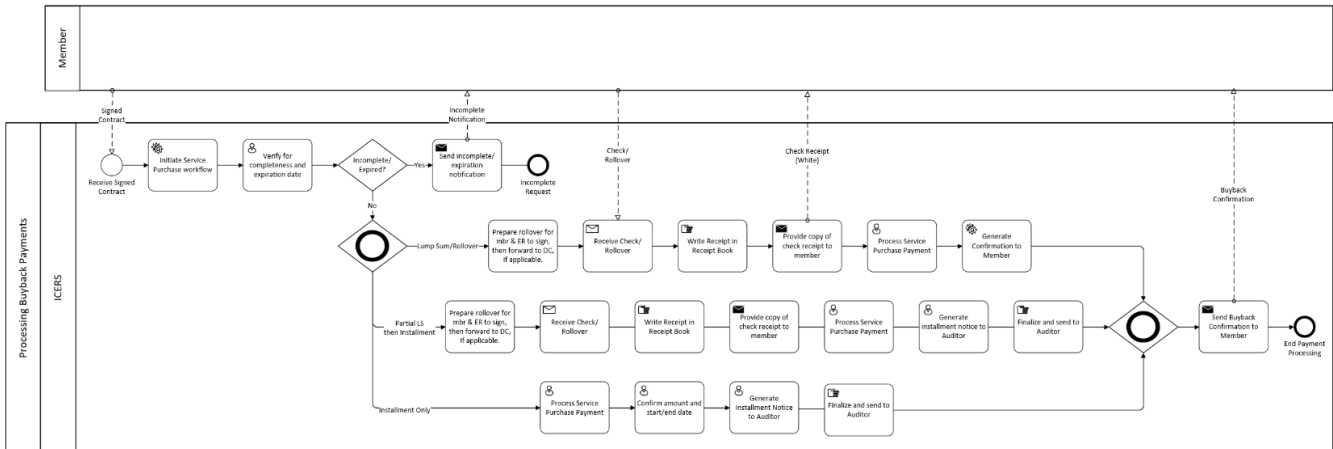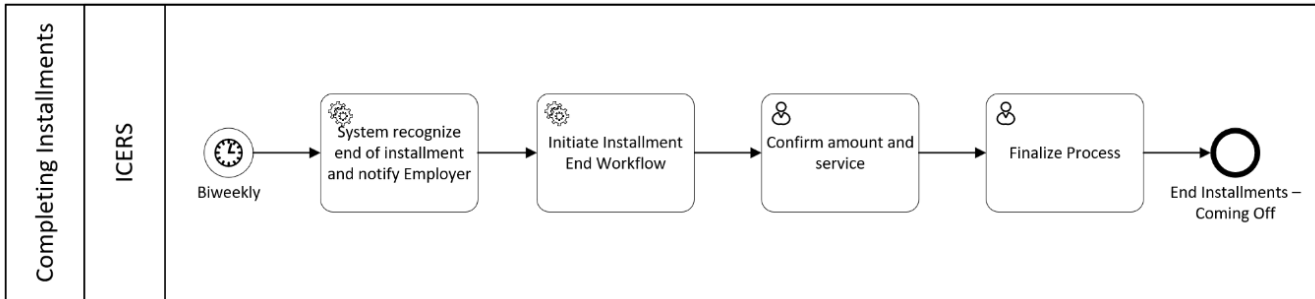
Future_Buyback
Flow.pdf

6.1 Buyback Quote

6.2 Processing Buyback Payment

6.3 Installments – Coming Off

7. Functional Requirements & Key Business Rules

User stories below represent the functionality needed to support the future state process defined above. Requirements are captured in user story format with acceptance criteria and grouped by sub-process. Relevant business rules are included with the applicable user story.

Step	Description
1 = Inflexible	Requirement is critical to the operations and this requirement must be satisfied as described at go-live.
2 = Flexible	The functional result is required, but there is flexibility in how that functionality is delivered. This requirement must be functional at go-live.
3 = Desired	The system does not have to satisfy this requirement at Go-Live; however, the requirement is desired. *The vendor must identify any "Flexible" requirements that are NOT included in the fixed price and must provide the associated pricing and customization impact for ICERS consideration. All items that are not listed will be assumed to be included in the standard solution.*

7.1 Buyback Quote

No.	Feature	User Story	Flexibility
03.01	Member Self-Service	As a member, I want to submit a request for a buyback quote, So that I can financially prepare myself for the cost. I will be satisfied when: • I can securely submit the request online. • I am informed of back-up documentation required for each buyback. • I can upload back-up documentation with my request.	2

No.	Feature	User Story	Flexibility
		• I am notified via my preferred communication method when I am missing required documents or information. • I am notified via my preferred communication method when my buyback request is approved or denied. • I can view the processed quote online. • I get an automated reminder via my preferred communication method that my buyback quote is expiring. • I can request multiple buyback quotes. **Business Rules:** • Buyback quote expires 60 days after creation.	
03.02	Workflow/Case Management	As a Retirement Specialist, I want to be notified when a member submits a formal quote to ICERS, So that I can verify their back-up documents. I will be satisfied when: • The system initiates a workflow when an official buyback quote request is received from a member online via the portal, by mail or by email and scanned/uploaded into the imaging repository. • I am assigned a task/workflow upon member's submission of a buyback quote request. • I can view the documents through the workflow. • I can communicate to the member regarding missing/incorrect documents. • The system automatically notifies member via their preferred communication method of quote acceptance upon completion of the task/workflow.	2
03.03	Buyback Quote	As a Retirement Specialist, I want to be able to process a buyback quote for a member, So that I can provide them accurate information. I will be satisfied when: • I can view and select which buyback the member is interested in. • The system pulls the correct member data based on the buyback selection. • I can select the number of payment installments. • The system provides the cost for lump sum, partial lump-sum with installments, and full lump-sum payment for the quote. • The system automatically inputs the upcoming quote expiration date.	2

No.	Feature	User Story	Flexibility
		• The quote comes with a signature contract form for member to initiate the contract. • I can process multiple buyback quotes for the same member. • I can securely send the member the requested buyback quote via their preferred communication method.	
03.04	Buyback Quote	As a Retirement Specialist, I want to be able to recalculate an existing buyback quote, So that I can quickly provide the member an updated cost and expiration date. I will be satisfied when: • I can locate the correct previous buyback quote. • I can create a new quote by duplicating and modifying a previous buyback quote. • I can recalculate the quote without additional research. • The system updates the cost to purchase. • The system accounts for added interest, if applicable. • I can securely send the member the updated requested buyback quote via their preferred communication method.	2

7.2 Types of Buybacks

No.	Feature	User Story	Flexibility
03.05	Buyback – Extra Help	As a member, I want to request a buyback quote for the extra help service I did prior to becoming an ICERS member, So that I can increase my service credit. I will be satisfied when I can: • Request a quote. • See the benefit of the purchase (retirement estimate with or without purchase). • See the cost to purchase. • Sign the contract if I wish to move forward. **Business Rules:** • Extra Help: Members can receive credit for prior service in positions excluded from ICERS (extra help, part-time, seasonal, temporary) by electing to pay for it ensuring payment is complete before retirement. (Govt. Code Section 31641.5) • The contribution rate used to generate the buyback quote will be based on member's first entry date.	2

No.	Feature	User Story	Flexibility
		• Members may choose to buy back any portion of calculated service time and retain the option to purchase the remaining time later.	
03.06	Buyback – Medical Leave	As a member, I want to request a buyback quote for medical leave, So that I can make-up my service credit. I will be satisfied when I can: • Request a quote. • See the benefit of the purchase (retirement estimate with or without purchase). • See the cost to purchase. • Sign the contract if I wish to move forward. **Business Rules:** • Medical Leave: Members returning from a leave of absence due to illness may buy back service credit for the period of absence, up to 12 consecutive months, by paying the contributions plus interest they would have paid if not absent. (Govt. Code Section 31646) • The contribution rate used to generate the buyback quote will be based on member's contribution rate in effect at the time of the medical leave. • Members may choose to buy back any portion of calculated service time and retain the option to purchase the remaining time later.	2
03.07	Buyback – Military Leave	As a member, I want to request a buyback quote for my military service, So that I can receive credit for that service. I will be satisfied when I can: • Request a quote. • See the benefit of the purchase (retirement estimate with or without purchase). • See the cost to purchase. • Sign the contract if I wish to move forward. **Business Rules:** • Members who resigned or took a leave of absence for voluntary or involuntary U.S. armed forces service and returned to work under honorable conditions within one year after military separation can receive credit for service and prior service for any part of the military service. • Service credit is provided if, before retirement, the member contributes what they would have contributed during the absence plus interest, and the service isn't used for military retirement pay. (Govt. Code Section 31649.5)	2
03.08	Buyback - Redeposit	As a returning refunded member, I want to request a buyback quote for my prior service with ICERS, So that I can restore my previous membership level. I will be satisfied when I can:	2

No.	Feature	User Story	Flexibility
		• Request a quote. • See the benefit of the purchase (retirement estimate with or without purchase). • See the cost to purchase. • Sign the contract if I wish to move forward. **Business Rules:** • General Redeposit: Members can redeposit previously withdrawn contributions plus accrued interest anytime before submitting a retirement application to regain service credit. (Govt. Code Section 31652) • Benefit Considerations for Redeposits Pre-7/1/2005: Redeposits before this date fall under the old benefit .11 (General 1), per Resolution 07/01/2005. To qualify for the .14 benefit for prior service (General 2), the member must have been part of the system on 7/1/2005 and made redeposits before 2005. • Installment Payments: Payment periods for redeposit installments match the buyback time but are limited to 5 years ○ For example, a 1-year buyback time allows 26 pay periods for buyback completion.	
03.09	Buyback – Public Service	As a member, I want to request a buyback quote for my prior public service, So that I can possibly purchase and increase my benefit. I will be satisfied when I can: • Request a quote. • See the benefit of the purchase (retirement estimate with or without purchase). • See the cost to purchase. • Sign the contract if I wish to move forward. **Business Rules** Govt. Code Section 31641.2**:** • Public service credit does not satisfy the minimum requirement for retirement benefits. • A member's initial compensable salary is defined as the salary at the start of their membership in the retirement system. However, for members who were part of a previous retirement system in the same county before January 1, 1952, and who choose to request it, their initial compensable salary is based on the later of these two dates: ○ When they first joined the superseded retirement system. ○ When the current retirement system began operating.	2

7.3 Processing Buyback

No.	Feature	User Story	Flexibility
03.10	Member Self-Service	As a member, I want to easily return my buyback contract form, So that I can complete my purchase, or I can start my installments.	2

No.	Feature	User Story	Flexibility
		I will be satisfied when I can: • Securely submit my contract online. • Schedule a drop-off to submit my checks or rollover checks to the office. • Estimate pay-off amount online if I am already enrolled in installments. • View my receipt online. **Business Rule:** • ICERS members who wish to purchase service credit in the retirement system (military, redeposit, leave of absence and time prior to membership according to ICERS' bylaws) may do so by transferring funds from either a 457 or 403(b) plan, a traditional Individual Retirement Account or other qualified plan.	
03.11	Buyback - Retired	As a Retirement Specialist, I want to be able to complete a buyback for a retired member, So that they can increase their retirement benefit. I will be satisfied when: • The system validates the purchase is complete within 120 days of member's effective retirement date. • The system processes a buyback in a retired member's account. • I can see the increase in service after the completed buyback. • I can recalculate member's retirement benefit within the same buyback processing. • The system calculates any retroactive payments that may be owed to member due to the increase in their benefit due to increased service and FAC. **Business Rule:** • A member who elects to purchase retirement service credit shall complete that purchase within 120 days after the effective date of his or her retirement (Govt. Code section 31485.7).	2

No.	Feature	User Story	Flexibility
03.12	Member Self-Service	As a member, I want to view my in-progress installments via the member self-service portal, So that I can plan and anticipate the end of the contract. I will be satisfied when I can view: • My ongoing payments. • My service credit increasing with every payment (not redeposit). • My estimated last payment. • My executed contract, for record keeping.	2
03.13	Buyback Payment	As a Retirement Specialist, I want to process a buyback, So that I can complete the member's buyback or put them in payment. I will be satisfied when I can: • Utilize the latest quote to create the contract • Select member's payment option. • Select a start date for the installment. • Communicate to the member via their preferred communication method that they have completed their buyback or that it is now in progress.	2
03.14	Buyback Payment	As a Retirement Specialist, I want to notify the Employer when I initiate an installment for a member, So that they can deduct the correct amount in member's paycheck. I will be satisfied when I can: • Submit a secure message to notify the Employer. • Provide the correct CDH codes and deduction amounts. • Provide the start and estimated end date of the installments.	2
03.15	Buyback Payment	As a Retirement Specialist, I want to be able to apply a pay-off to an in-progress installment, So that the member can finish their buyback. I will be satisfied when: • the system calculates the current pay-off amount. • I can record the receipt of the pay-off amount from the member. • I can verify the correct service was applied after pay-off.	2

No.	Feature	User Story	Flexibility
03.16	Member Self-Service	As a member, I want to know status of my buyback, So that I can plan and understand my benefit. I will be satisfied when: • I can view the status of the buyback online. • I am notified that my installments are coming to an end. • I receive confirmation of buyback completion. • I can see the bought back service in conjunction with my regular service credit, as applicable.	2
03.17	Forms, Letters, and Reports	As a Retirement Specialist, I want a report detailing "in progress" buybacks, So that I can reconcile the data and monies and communicate with members as needed. I will be satisfied when: • The PAS generates a report that encompasses the data I need from buybacks and active payroll including: ○ When a member will end their deductions for their buyback(s). ○ The type of buyback a member has, including the CDH code. ○ The outstanding balance of the buyback ○ The breakdown of the amount such as principal and interest, tier & membership fund. ○ Other data elements defined by ICERS	2
03.18	Workflow/Case Management	As an Accounting Technician, I want to be notified of received lump-sums, So that I can properly deposit them and apply them to the correct fund. I will be satisfied when: • I receive a task/workflow notifying me of a received payment. • The task/workflow comes with back-up documentation, so I don't need to research. • I can easily identify the member, type of buyback (CDH codes), and fund bucket the payment belongs to.	2
03.19	QDRO Refund/Redeposit	As a Retirement Specialist, I want to know if a nonmember spouse elects a refund after a QDRO, so I can alert the member regarding their option to purchase accumulated contributions and interest. I will be satisfied when:	2

No.	Feature	User Story	Flexibility
		• The system triggers a workflow when nonmember spouse refund documentation is received. • I can determine if any action is required and create/initiate a task (within the workflow) if needed. • I can alert the member about their option to redeposit accumulated contributions and interest and receive that credit/service back. • The system calculates the cost of the service purchase. • I can communicate the cost back to the member. • The system tracks the 5-year timing and triggers follow up tasks so I can inform the member how much time remains to take advantage of the purchase. **Business Rule:** If the non-member ex-spouse withdraws his/her accumulated contributions, the member will have the option of purchasing that service credit with ICERS. The election shall be made within five years of receipt of notice to redeposit the contributions.	
03.20	Buyback Payment	As a Retirement Specialist, I want to be able to apply a lump-sum payment to the member's in-progress installment, So that they can pay down their owed money faster. I will be satisfied when: • I can add a lump-sum payment to an in-progress installment at any time while the installment is active. • I can record the receipt of the lump-sum and provide an updated balance to the member. • I can verify the correct service was applied, if applicable. • The member can see the updated payment and pay-off date on their portal.	2
03.21	Buyback Payment	As a Retirement Specialist, I want to effectively manage missed installment payments, so that members can be accurately billed. I will be satisfied when the system: • Automatically recognizes missed installment payment. • Flags these missed payments for initial administrative review, ○ if repeating missed payments, ICERS can opt not to flag future missed payments. • Automatically extends the last payment date for a member who has missed installment payments. • Accounts for additional accrued interest due to missed payments.	2

8. Approvals

[Yolanda Prado]
[Retirement Specialist I]

[Regina Rodrigues]
[Assistant Retirement Administrator]

9. Document Version Control

Date	Change	Name	Version
09/21/2023	Initial Draft	Kahei Inglis	1.0
10/16/2023	Peer Review	John Keeler	1.1
10/17/2023	Updated per feedback, ready for client	Kahei Inglis	2.0
10/23/2023	1st initial review meeting w/ ICERS – applied feedback	Linea + ICERS	2.1
11/09/2023	2nd review meeting w/ ICERS	Linea + ICERS	2.2
11/14/2023	Applied feedback from 2nd review meeting; ready for review	Kahei Inglis	3.0

03-Buybacks Future State v3

Final Audit Report   2023-11-20

Created:	2023-11-20
By:	Kahei Inglis (kinglis@lineasolutions.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAARAuaeKL9-ivJgxiGFiYu4AS3IAzzbtvL

"03-Buybacks Future State v3" History

Document created by Kahei Inglis (kinglis@lineasolutions.com)
2023-11-20 - 8:31:29 PM GMT

Document emailed to Yolanda Prado (yolandaprado@co.imperial.ca.us) for signature
2023-11-20 - 8:32:21 PM GMT

Email viewed by Yolanda Prado (yolandaprado@co.imperial.ca.us)
2023-11-20 - 8:38:20 PM GMT

Document e-signed by Yolanda Prado (yolandaprado@co.imperial.ca.us)
Signature Date: 2023-11-20 - 8:39:56 PM GMT - Time Source: server

Document emailed to Regina Rodrigues (reginarodrigues@co.imperial.ca.us) for signature
2023-11-20 - 8:39:57 PM GMT

Email viewed by Regina Rodrigues (reginarodrigues@co.imperial.ca.us)
2023-11-20 - 9:29:58 PM GMT

Document e-signed by Regina Rodrigues (reginarodrigues@co.imperial.ca.us)
Signature Date: 2023-11-20 - 9:30:08 PM GMT - Time Source: server

Agreement completed.
2023-11-20 - 9:30:08 PM GMT