Federal Retirement Thrift Investment Board

THRIFT SAVINGS PLAN

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD ★ 1986 ★

Update to the 2013–2017 Strategic Plan

Helping People Retire With Dignity

Overview

In fiscal year (FY) 2012, the Federal Retirement Thrift Investment Board (FRTIB or Agency) developed a strategic plan that affirmed our mission, vision, and values. It established our strategic goals for 2013–2017 and identified the measures that will define and drive our success. At the Agency's 2013 planning retreat, we confirmed our commitment to those goals and initiatives, and refined our broad vision for the Plan's future.

This update is intended to provide further insight into the Agency's view of its macro and micro environment, the Plan's strengths and weaknesses, and our expectations for addressing these factors. Furthermore, this report connects the current efforts to add capacity and strengthen our infrastructure with our plans to "get smarter" about all aspects of our business. We will use the knowledge we gain to recast our participant's experience. In addition, we will deliver to our participants, flexible, consultative, and customer-centric service along with the educational tools they will need to make sound retirement decisions. Finally, this report provides a brief update on our strategic initiatives (Appendix A) and several key tactical efforts being undertaken (Appendix B), which will contribute to achieving our overall strategic goals.

Going forward, we will continue to develop a five-year strategic plan on a three-year cycle. During the years between plans, we will provide similar update reports that will document any interim changes in our economic and operational landscape and provide a progress report on our strategic initiatives.

Our Environment – Macro to Macro

Economic and Business Cycle Influencers

Our near-term expectation is for continued slow economic growth with increasing inflationary risk. The longer-term outlook for the capital markets is more favorable, with assumed real gross domestic product (GDP) growth of 2.7%, annual inflation of 2.5%, and assumed annual equity market returns of 7.7%.

Our view — Cautious optimism

Slow growth and inflationary pressure can lead to fears that will dampen participation and contribution rates. However, even in the harshest economic times, TSP participants have demonstrated resilience.

Political and Government Influencers

We expect the focus on the national debt and deficit to continue for the foreseeable future. On the defined contribution (DC) landscape, the Department of Labor (DoL) is focused on fee disclosure and the Employee Retirement Income Security Act (ERISA) definition of a fiduciary. Congress and the Administration have demonstrated keen interest in risk mitigation and cybersecurity for all Federal agencies. DoL, the Agency's auditor, has increased its FRTIB audit activities.

Our view — Headwinds

In focusing on reductions in spending, Congress will likely continue to look to Federal civilian and military benefits for possible reductions. While the TSP benefit is unlikely to be directly affected, the possibility of a reduction in other benefits (or increases in the cost of those benefits) could lead to a softening in participation and/or contribution rates. Furloughs due to sequestration may lead participants to reduce or stop their contributions to compensate for the pay reduction, or to take more loans or hardship withdrawals.

The Agency's need to address outstanding audit findings is critical. We must make the necessary changes quickly and effectively. However, speed and quality are opposing constraints and difficult to manage. Addressing them will require the commitment of significant resources. The Technology and Enterprise Support Services (TESS) procurement and implementation action is a critical prerequisite to closing several audit findings and is, itself, a massive project. TESS implementation and audit finding closure efforts will draw from many of the same internal resources, which increases the difficulty.

On a positive note, the TSP is often considered the "gold standard" in the defined contribution (DC) market because of its governance structure, straightforward design, and low cost. Consequently, DoL's attention to the issues around fee disclosure and fiduciary responsibilities are expected to reflect well on the TSP.

Investment / Defined Contribution Industry

Largely in response to the DoL, plan sponsors, providers, and DC administrators are focused on fee disclosure, greater use of passive investment options, risk mitigation, and the role of the fiduciary in retirement plans. Additionally, there is a meaningful and positive shift in the primary communication messages that are being delivered to participants. Where sponsors had for years focused on unlimited choice and the importance of fund selection, they are now focused more on ensuring participants understand how their retirement plan will translate into income and whether their total retirement benefits (including Social Security, traditional pensions, and personal savings) will be adequate.

> *Our view—Favorable*
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> The TSP fares well in this area, which adds tremendous value to our participants. We will continue to underscore our message about the Plan's low cost structure. Adding the monthly retirement income illustration to participant annual statements was a market-leading step. This feature helps participants gauge how their TSP savings will translate into retirement income.

Customer Base

As is true of the general population, our largest cohort of participants is aging and starting to retire. As of 4/30/13, almost 40% of our participant population was age 50 or older. A decade earlier, that figure was less than 31%. Retirees are being replaced by younger employees. While the ongoing discussion about sequestration and cutting Federal benefits creates uncertainty in the Federal population, at year-end 2012, the Office of Personnel Management (OPM) projected an increase in the total Federal Employees' Retirement System (FERS) population over the next five years (2013–2017) from 2.51 million to 2.67 million (almost 6.4%). The future size of active duty uniformed services population remains unknown and subject to much discussion, but it appears this population will not be getting larger.

> *Our view—Cautious optimism*
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> The changing nature of our customer base is both a challenge and an opportunity. The TSP will have to focus its communications to resonate with discrete groups such as mid-career savers, those approaching retirement, those who have already separated from service, and the young population who can't yet envision their retirement.

However, defined contribution dollars tend to be "sticky" (participants don't frequently withdraw their money) and the TSP is highly regarded among Federal employees. Partner this with slow but steady growth in the Federal sector and the outlook indicates similar growth for the TSP, though the populations that will drive that growth will start to shift. While the uniformed services population may shrink, there will still be a massive population of individuals who are eligible but not yet participating. Roth has enabled greater penetration with this group and we will continue to pursue active engagement with all centers of influence here.

FRTIB's Resource Management

For several years the FRTIB was understaffed relative to carrying out its core mission. However, the past year has brought significant growth in FRTIB staffing and with it positive cultural change. We continue to build the staff needed to support the Plan's asset growth and provide the resources to increase our capacity in areas such as benefit services, technology services, enterprise risk, accounting, and contracting.

Our View—Cautious optimism

As the Agency grows, we are also acquiring and developing new skills that are consistent with best-in-class business processes such as agency governance, project management, enterprise risk management, and acquisition discipline. As we mature as an organization, the pressure to develop new skills quickly is challenging. The pace of change has been rapid and the Agency recognized that "organizational change fatigue" is a risk. The Agency is addressing this risk through its Human Capital Planning effort, which includes offering greater internal career opportunities, stronger developmental training, and attention to change management.

SWOT Strengths, Weaknesses, Opportunities, Threats

The TSP is affected not only by changes in the economic, political, regulatory, and defined contribution landscapes, but also by many other factors that present opportunities and threats for the Agency.

Strengths

- We have a strong and favorable reputation with our participants, regulators, and the media.

- We enjoy an enormous cost advantage because of our size and scale.

- Our passive investment structure serves us well, as the DC industry catches up with FRTIB thinking and our focus on fees and simple choices.

- We are independent and this allows us to fulfill our fiduciary duty while enabling budget flexibility.

- Our clearly defined mission allows us to maintain our focus and avoid mission creep.

- We have a talented team with positive morale. By being a great place to work, FRTIB is also a place where great work is done.

Weaknesses

- We have a number of outstanding audit recommendations. Stakeholder confidence could be affected if these findings are not resolved in a reasonable time period.

- We are slowed by a government procurement process that requires significant effort to ensure full and open competition while offering little ability to be agile or accomplish procurements quickly. This places us at a disadvantage relative to private sector plans.

- We are highly dependent on paper for processing most transactions. While we have automated certain processes to improve accuracy and expedite forms processing, we remain challenged by the volume of paper handled in our operations.

- We lack key data on our participants that most DC plan sponsors and recordkeepers have. Our only "push" communication is through postal mail.

- We acknowledge that we trail other plan administrators in offering participants innovative service and benefit solutions. The TSP executes multiple business processes that we know could be more customer friendly.

Opportunities

- The uniformed services has 1.2 million active duty members who are eligible to participate in the Plan, but currently do not. While the numbers of active duty members may decline in the coming years, this segment will continue to be our growth engine. Roth TSP has special appeal to this population.

- Employers, DC industry leaders, and regulators now recognize that participants need to be provided a holistic view of retirement preparedness in order to make sound retirement planning decisions. This creates an opportunity to do a better job educating FERS participants on what they should expect from their Federal retirement benefits (FERS Annuity, Social Security, and the TSP). While the Office of Personnel Management (OPM) plays the lead role in government employee financial literacy, we can be a catalyst by encouraging more holistic education.

- We believe that most TSP participants have only a fuzzy notion of their retirement goal and the part TSP plays. We hypothesize that the goal of most participants is "to save enough to be comfortable." Our first challenge is to determine if this hypothesis is accurate. If so, we have the opportunity to help participants define specific, measurable, and actionable retirement goals.

Threats

- Baby boomers retire

- In the last four years, the number of separated participants maintaining an account with the TSP has grown from 800,000 to 1.2 million. This growth is likely to continue as more baby boomers move into retirement. Separated participants do not have to keep their balances in the TSP; they can transfer any or all of their funds to an IRA at any time. Any large spike in withdrawals could cause the TSP to shrink and negatively impact our cost structure.

- Money will eventually leave the TSP. Withdrawals may be a result of retiring baby boomers who are taking their money out immediately upon retirement, after age 70½, or as a result of death. Regardless, money-out transactions are labor intensive. A big increase in this activity has the potential to exceed our capacity.

- TSP features and services look restrictive compared to higher fee IRA providers who offer best-in-class advice and planning tools, personal service options, greater withdrawal flexibility, and unlimited fund choices. The investment industry will use these differences to entice our large and growing population of separated participants to move their investments out of the TSP.

- We are limited in our ability to compensate our best people at rates competitive with the private sector. This weakness is mitigated by an economy with higher than average unemployment, but the job market will eventually improve and put employee retention at risk.

- The TSP is the steward of our participants' dollars and their personal data. These facts make us a target for attacks.

- Organizational change— In just the past three years, we have introduced multiple new plan service and benefit improvements (e.g., a new website, annual statements, optical character recognition (OCR) forms, automatic enrollment, spousal accounts, Roth TSP) and also introduced new business processes (strategic planning, project management, enterprise risk management, enhanced budget and procurement/acquisition processes). These changes are important and confirm the Agency's maturation. However, even the most talented and dedicated people have limits in their ability to acclimate to rapid change.

SWOT Strengths, Weaknesses, Opportunities, Threats

Internal

Positive

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- Strong and favorable reputation
- Cost savings afforded by size and scale
- Indexed investment structure independence
- Mission-focused Agency with talented staff and high morale

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- Audit recommendations
- Slow Federal procurement process
- Dependence on paper for transactions processing
- Lack data on participants
- Less flexible features than IRAs
- Limited focus on innovation and customer-centric service

O
- Uniformed services
- Holistic approach to 3-legs of retirement preparedness
- Helping participants define their retirement goals

T
- Impact of retiring baby boomers
- Money leaving the Plan
- Restrictive Plan features and services compared to IRA market
- Limited ability to offer compensation competitive with private sector
- Increased risk of attacks
- Organizational change

Negative

External

Upon examining the factors impacting the Agency and Plan, we reaffirmed the strategic initiatives established in the 2013–2017 Strategic Plan. The initiatives started in FY2013 will strengthen the Plan's foundation. We will be better positioned to address the increased complexity that comes with asset growth.

Enhancing Decision Intelligence

The strategic initiatives started this fiscal year (see Appendix A) are focused on placing the Agency on a firmer footing, and strengthening resources, skills, business practices, and systems. While the Agency stabilizes its steady state capabilities and builds capacity, we will also be setting the stage for a major new initiative—the new participant experience. This initiative responds to many of the forces impacting our marketplace and participants, allowing us to offer enhanced TSP benefits and customer-centric services. However, before we can build the new participant experience, we must do the essential research to make more fact-based decisions.

As we approach the FY 2014 budget review, we propose to onboard only one initiative from the FY2013–2017 Strategic Plan: Enhancing Decision Intelligence. Decision intelligence uses intensive research to seek answers to critical to questions such as:

- What drives our participants' decision-making?

- What do we do that they like and what frustrates them?

- How can we learn more about our participants and use data to help them?

- How do the quality, speed, and ease-of-use of our transaction and information delivery systems compare to best-in-class DC service providers and our participants' expectations?

Building our decision intelligence will give us the information to make informed decisions when recasting our participants' experience.

This initiative is comprised of several elements and its goal is to weave business intelligence methodologies into our standard thinking and operating processes. We expect this effort to be a multi-year effort that includes:

Communications

Enhancing decision intelligence means evaluating the overall effectiveness of our communication program. We will obtain guidance from thought leaders in behavioral economics and test the impact of these theories with our forms, web design, and literature. Through research and focus groups we will better understand how people make TSP decisions, what their retirement goals are, and how we can best structure TSP choices to help them reach those goals. We want to learn how we can be more effective in helping different segments of our customer base, which include the young new Federal employee, the mid-career saver, and the growing population of retired participants.

We will identify all data points that would help us communicate more effectively, create tools to test and demonstrate how this data leads to better outcomes, and establish project plans for collecting this data. We will also test new ideas, such as worksite one-on-one TSP services, e-mail communications, webinars, social media, and advertising in Federal/uniformed services-specific media.

Operations

Enhancing decision intelligence means measuring the quality, speed, and ease-of-use for every customer touchpoint. We will benchmark our key operational processes and costs against other administrators and financial institutions, hire new skills in business process re-engineering, and start to measure and report operational and customer service performance. In a participant-facing manner, enhancing decision intelligence means continuously surveying our customers through transaction and phone interaction feedback and using that feedback to gauge program effectiveness and identify areas for continuous improvement.

In addition, we will examine the merits of pursuing significant policy changes, such as changing withdrawal options, allowing in-plan Roth conversions, and moving from a paper-based to a paperless transactional environment.

Planning and Research

Enhancing decision intelligence means identifying and tracking the metrics that will drive our success in delivering the services our participants want. We will initiate an effort to drive metrics management and continuous improvement initiatives throughout the Agency by establishing a unit with expertise in process re-engineering, and the capacity to identify, monitor, and report on various measurements of service, benefits, and operational performance.

Furthermore, enhancing decision intelligence means establishing the process by which we can gather new data elements from sources such as payroll offices, OPM, and potentially SSA. This data can then be married to plan data to draw informed conclusions about participant preferences and behaviors. Being able to derive insights from predictive analytics about "What will happen?" will first require us to get better at understanding descriptive analytics (what happened?) and diagnostic analytics (why did it happen?). We will hire a data scientist and support staff to perform modeling and analysis, and ultimately, to draw predictive conclusions about participant behavior.

Technology

Enhancing decision intelligence means acquiring and deploying the tools, skills, and technology that will support the initiative. This encompasses data discovery tools, data storage, and skill sets that will enable us to examine, understand, and house our transactional and operational data—along with demographic, market, survey, and other data—to better predict participant behavior and respond to their needs.

Success measure: By June 2015, input from participant surveys and focus groups, recommendations from the communications review, information from the benchmarking initiative, and initial data analytics will be completed. This information will be synthesized to develop a view into participant preferences, retirement needs, and service expectations. This analysis, which is to be completed by year-end 2015, will be the roadmap for recasting the participant experience. This roadmap will encompass participant communications and holistic retirement education and guidance, possible benefit changes, customer-centric and extended services, and paperless transactional capabilities. It is our expectation that the FY 2015–2020 Strategic Plan will detail the wide-ranging strategic initiatives that will result from **getting smarter about all aspects of our business.**

The Participant Experience

Where We're Headed

Current efforts to strengthen our operational infrastructure will provide the capacity to handle plan growth and increased complexity. It will also provide the platform from which we will reshape the programs and services offered to our participants. The proposed initiative to build decision intelligence capabilities will provide us with critical information needed to undertake a future initiative to build a "best-in-class" participant experience. This experience will be aimed at guiding participants to the right retirement outcome for them.

This experience is yet to be fully defined, but we are committed to ensuring it will retain the best aspects of the current program: high quality investment options and simple choices in a low-cost program. We seek to augment this by delivering a more consultative customer service approach designed to offer participants TSP education and guidance based on their individual needs. While we don't yet know what this new service model will be, some possibilities include:

- Create an ongoing and sustained communication program around the lives of our participants. We know that life events drive participants' decisions, so we will develop communications programs that answer such questions as: "I just got a Federal job, can I afford to participate?", "I just got a raise, should I increase my deferral rate?", "I just moved and have big expenses, do I need a TSP loan?" Once we collect and analyze the data, we will be able to build more holistic and customized communications initiatives.

- Recast the purpose and capabilities of our call centers. Today our outbound communications efforts are "one-to-many," which includes posters, brochures, limited group meetings, and an annual statement mailing. Our one-to-one communication is reactive and only available through the call center. Today our call centers focus on accurately and economically executing incoming participant requests. We could transform this into a consultative and creative service that could help participants weigh the pros and cons of their decisions and provide more individualized guidance. With the right data and training, we can utilize our call centers to proactively engage our participants.

- Establish worksite education and help centers at locations with a high concentration of Federal employees.

- Create partnerships with OPM and SSA that could enable a coordinated and holistic view of FERS retirement benefits.

- Drastically reduce and potentially eliminate paper forms and move to fully electronic, but secure submissions.

- End participants' frustration by creating an information feedback loop. Three points of significant participant dissatisfaction are when they learn:

  - they can't change their deferral percentage with us,
  - they can't change their mailing address with us over the phone, and
  - their new PIN or Password will be sent to them in the mail (as opposed to electronically).

Summary

We intend to build capacity and stabilize operations, then get smarter and ultimately use this intelligence to deliver a world-class participant experience that is customer-centric and drives more favorable retirement outcomes. We will do this while remaining a simple and low-cost plan and remaining focused on our mission.

Appendix A – The Current Plan

Our mission and principal duty is to administer the TSP for the benefit of the participants and ben-
eficiaries while maintaining "dial-tone" consistency (excellence) in daily operations. As noted in the
2013–2017 Strategic Plan, the FRTIB recognized the need to place significant emphasis on building
internal enterprise-wide capacity, strengthening operating systems, enhancing IT security, streamlin-
ing processes. We also needed greater capacity to support the growth expectations and increased
Plan complexity. Consequently, we anticipate that the Agency focus on these efforts for the next two
years.

Of the nine strategic initiatives proposed to the Board for the FY 2013 budget, four were fully
funded: Implement Enterprise Security and Risk Management, Human Capital Management,
Integrated Acquisition Strategy and Enterprise Risk Management. In support of these initiatives and
increased "steady state" operations, the Board approved a budget of $170.5 million.

The four strategic initiatives begun at the start of this fiscal year remain "in-flight," as each represents
multi-year efforts. The current status on these initiatives is:

Implement Enterprise Information Security & Risk Management (EISRM)

In accordance with the Federal Information Security Management Act (FISMA), the Agency estab-
lished 19 related policies designed to ensure and enable secure operations and strengthen IT risk
management.

- Actions to date: The technology services team completed a comprehensive review of the
  Agency's IT security. As a result of this initiative, multiple internal and external systems were
  identified and system boundaries created. The multi-year process of having these systems
  authorized and accredited was initiated, with one certification completed and five others on
  track to be completed this fiscal year. Key IT security hires were made with the hiring of the
  Chief Information Security Officer (CISO) and several Information Systems Security Officer
  (ISSO) positions. The EISRM initiative is proceeding as planned but is a major multi-year effort
  that is not scheduled for completion until end of FY 2015.

  Success metric: The metric we will use to gauge progress in this initiative is the
  rate of completion of system authorizations. We target two additional systems per
  quarter over the next two years.

Human Capital Management

Integral to the Agency's success is the development and execution of a strategic Human Capital Plan. A key element of this plan is the initiative to scale up the Human Resources staff, providing the capacity to fill open positions and address future staffing and staff development needs. During the year, the scope of this initiative was expanded to include change management, knowledge management, and staff training.

- Actions to date: Significant progress was made across the Agency with an increase in staff by 42% with approximately 47 new hires being made this fiscal year. A key hire was made in the Office of Resource Management: a Chief Learning Officer. The long-time hiring logjam has been broken and additional capacity and skills have been added to FRTIB staff.

    Success metric: Delivery of human capital plan by 9/30/13. New on-boarding process approved and operationalized by 9/30/13.

Integrated Acquisition Strategy

While the FRTIB recognizes it is not bound by the requirements of the Federal Acquisition Regulation (FAR), it subscribes to following best practices in acquisition planning and contracting. The FRTIB will therefore establish and enhance its contracting and acquisition policies, planning, procedures, and governance to ensure adherence to those policies.

- Actions to date: A Chief Contracting Officer was hired during the year. With the assistance of consulting support and staff augmentation, we have taken the initial steps to draft an overarching contracting policy and acquisition policy along with a framework linking strategic planning, budgeting, and acquisition planning. The next and near-term step is to research the policies of other agencies that are not subject to the FAR, and begin drafting the contracting policies and acquisition framework for the FRTIB.

    Success metric: The first draft of the two policies is to be completed by 12/31/13.

Enterprise Risk Management

Our goal with the establishment of an Enterprise Risk Management (ERM) Office is to ensure the identification and proactive management of enterprise level risks. During the year, this initiative was expanded to include the development of a centralized and proactive fraud prevention unit. Our goal is also to ensure agency-wide consistency in the development and maintenance of policies and procedures.

- Actions to date: The Office of Enterprise Risk Management was established and the Chief Risk Officer hired. The analysis to identify a relevant risk framework (ISO 31000) was completed. Furthermore, a process was established to track the corrective action schedule for all outstanding audit findings. In addition, efforts are currently underway to staff the anti-fraud unit with fraud specialists.

  Success metric: The number of outstanding audit recommendations that are "open per FRTIB" is reduced according to schedule provided to the Board members. Establishment of a central repository that stores current policies and processes and is available to all Agency staff and external auditors (DoL and GAO). Establishing a fully functioning fraud group that proactively monitors potential and actual fraudulent activity.

In addition to the above, the Agency has put significant effort into addressing the backlog of operational projects that were delayed in order to complete the two-year implementation of the Roth TSP. These activities are important to our steady state operations and also contribute to the improvement of our operational infrastructure. See Appendix B for a brief status update on these tactical initiatives.

Appendix B

In the FY 2013–2017 Strategic Plan we noted that the implementation of Roth TSP pulled heavily upon FRTIB staff resources as well as the Agency's recordkeeping contractor staff. As a result, a number of important projects were delayed or postponed. Since the beginning of the fiscal year, the Agency has undertaken a number of efforts that are geared to improving business practices and our steady state operations. These activities are not a part of our strategic initiatives, but should be recognized as they will require significant Agency resources to advance. The most prominent of these include:

TESS (Technology and Enterprise Support Services) contract

- The Agency's largest procurement action, which awards a new IT support services contract that includes the Plan's entire recordkeeping system, is being fully competed. The process for selecting a vendor for TESS is a huge undertaking. Similarly, transitioning to the new contract will require a significant commitment of numerous senior Agency resources.

- Target outcome: Select a vendor that provides best value to the Plan by September 2013 and complete the phase-in to that vendor by February 2014.

New Mainframes

- The current mainframes were purchased in 2007 and will reach the end of their lifecycle in 2014. New mainframes will accommodate the greater computing required by a larger and more complex plan and will reduce the risks of system downtime. This acquisition is expensive, but will not require significant personnel resources.

- Target outcome: Mainframe acquired, installed, and operational without operational disruption by 9/30/2014.

Fully Implement Project Management

- In 2012, we created the Project Management Office (PMO) under the Office of Enterprise Planning. The PMO created policies, trained staff, and implemented a framework for the first two phases of the project management lifecycle: Initiating and Planning. We will complete the implementation of the lifecycle by developing the policies and operationalizing the Executing, Monitoring, and Closing phases. This is an effort that includes cultural change and touches virtually the entire FRTIB team.

- Target outcome: Policy for Executing, Monitoring, and Closing phases is to be published internally by 12/31/13 and a dashboard of all active projects will be developed by 9/30/13.

Investment Operations Review

- The Agency expects assets under management to increase to approximately $500 billion as a result of new contributions and investment returns. Given this assumption, the FRTIB initiated a project to assess the structure of investment management operations and develop a plan to ensure the Agency will continue to efficiently and effectively support the retirement investments of TSP participants. The Agency engaged a consultant to assess investment management operations, including the following key services: investment management, trust/custody of assets, securities lending, and cash collateral reinvestment functions.

- Target outcome: The project has progressed on schedule and delivery of the final report is expected in July 2013. Recommendations from this report are likely to become projects with targets to be established at a later date.

TSP-3 Process Enhancement Project

- We will complete a comprehensive review of our system for processing designation of beneficiary forms (TSP-3).

- Target outcome: Review existing TSP-3 forms and establish new procedures, as needed, by 9/30/2014.

Address Cleanup Project

- In 2012, the TSP received over 500,000 pieces of returned "undeliverable" mail (i.e., sent mail that could not be delivered). This increases the postage and printing costs the TSP incurs with each mailing, jeopardizes the discount rates that the TSP maintains with the United States Postal Service, and increases the chance of fraud and decreases account security. The purpose of the Address Cleanup Project is to implement procedures that will help the TSP collect accurate and up-to-date addresses for all participants.

- Target outcome: Returned mail from the mailing of the 2013 Annual Statement (in February 2014) will be reduced by 20% from prior year's annual statement mailing.

Upgrade OMNI Software

- Our recordkeeping runs on SunGard Omni v5.75 software. By the end of 2015, this version will no longer be supported by SunGard. Consequently, all SunGard clients are migrating to a new "destination" release. "Destination" release will be v6.05 of SunGard OMNI. This is a significant effort that will draw heavily upon the IT Applications group over the next two years. Installation will not occur until after TESS is operational and stable, but planning and design work in 2014 is significant.

- Target outcome: Full OMNI Upgrade project schedule with plans of action and milestones delivered in October 2013.