

**Strategic Budget
Preview
FY 2013 – FY 2017**

***Administer the TSP
solely in the interest of
the participants and
beneficiaries***

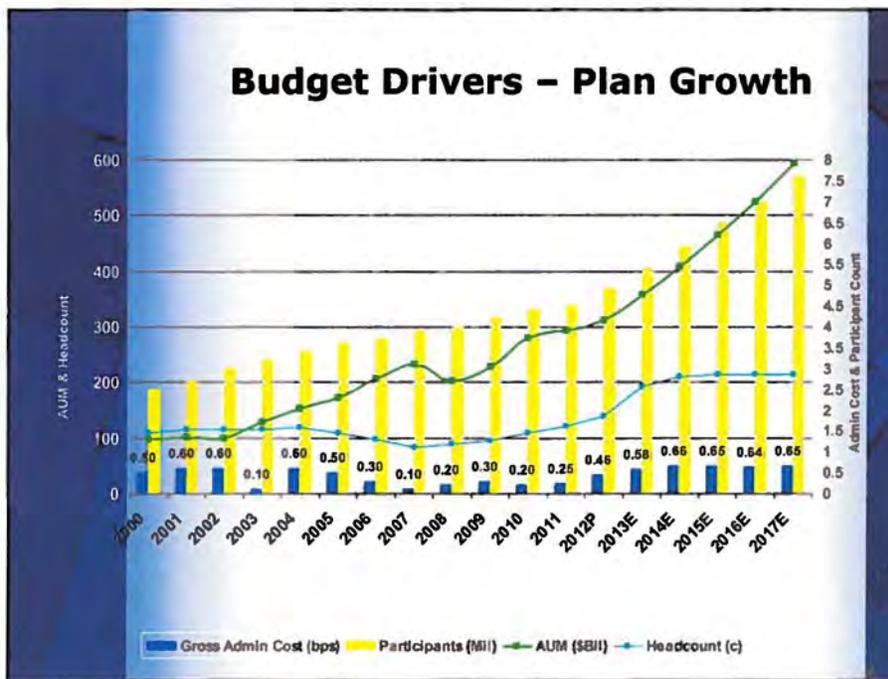
Vision

- *We help people retire with dignity*
- *We ensure that FRTIB is a great place to work*
- *We maintain flawless operations*
- *We maintain excellent relationships with entities that oversee, regulate, govern and influence the TSP*

Our expectations for growth, increased services and complexity are driving the need to reinforce our foundation by strengthening systems, streamlining processes and increasing capacity

Goal of our 2013 – 2017 Strategic Initiatives

- Deliver the right programs and education to our participants
- Strengthen infrastructure
- Build human capacity
- Develop and hire needed skills and expertise
- Use business intelligence to inform future decisions and initiatives



Budget Drivers

- **Strategic initiatives:**
 - Roth TSP & Beyond
 - Human Capital Management
 - Enterprise Risk Management
 - Acquisition Strategy
 - IFMIS
 - Communications Strategy
 - IT Architecture of the Future
 - Investment Architecture Review
 - Retirement Income Strategy
- **Mainframe refresh**
- **Benchmarking**

Mainframe Refresh

- Estimated at \$10M in FY14
- Current Mainframe was purchased during an IT modernization strategic initiative in 2007
- Reaching End of Life (EoL) consistent with market practices and technology trends
- Capacity Planning Study to be conducted this year will be used to validate EoL assumptions
- New requirements in terms of number of participants, service features, and software considerations (e.g. "Destination Release") are additional decision criteria regarding replacement
- Adequate capacity and back-up remains in place to carry us through Fiscal Year 13 (as reported to the Board in September, 2011)

Benchmarking

- **Benchmark plan features**
- **Identify and cost key operating processes (e.g. loans, exceptions processing, etc)**
- **Identify plan cost drivers**
- **Benchmark against large administrators and governmental DC plans**
- **Estimated consulting cost: \$1 million**

Estimated Cost to Participants

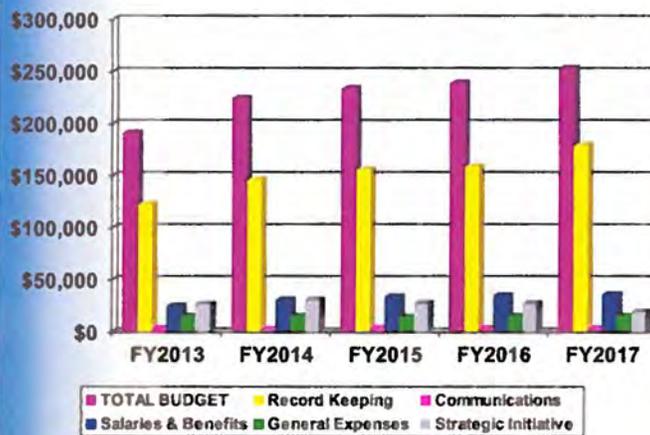
- **Based on an estimate of 4.4%* growth in assets under management**
 - **Highest admin cost is 6.6 bps in FY 2014**

* Based on average historical growth rate between 2002 - 2011

FY13 -FY17 Budget Projection Summary (000s)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Record Keeping	\$110,068	\$122,532	\$145,642	\$155,710	\$158,855	\$179,410
Communications	\$3,033	\$3,129	\$2,598	\$3,110	\$3,280	\$3,298
Salaries & Benefits	\$15,867	\$24,731	\$30,963	\$34,107	\$35,154	\$36,153
General Expenses	\$14,158	\$14,472	\$14,429	\$13,928	\$14,593	\$15,328
Steady State Subtotal	\$143,126	\$164,864	\$193,632	\$206,855	\$211,882	\$234,189
Strategic Initiative (SI)	-	\$26,201	\$30,518	\$27,210	\$27,245	\$19,232
TOTAL BUDGET	\$143,126	\$191,065	\$224,150	\$234,065	\$239,127	\$253,421
% SI		14%	14%	12%	11%	8%
% Change		33%	17%	4%	2%	6%

FY13 -FY17 Budget Projection (000s)



Risk/Impact

- Increased vulnerability
- Significant delay meeting strategic goals
- Limits on innovation
- Constrained ability to meet participant and beneficiary needs
- End-of-life technology
- Lack of bench strength may lead to experiencing operational deficiencies

Summary

- Focus on building our human capital and infrastructure will allow us to be prepared for the future
- Continue to provide high quality, efficient, accurate and secure services
- Get smarter about the Plan and the participants to enable informed decision-making