



Execution for the Now and Planning for the Later





Annual Budget Presentation



Fiscal Year 2016 Request Fiscal Year 2017 Estimate

Greg Long
Executive Director
and
Susan Crowder
Chief Financial Officer



Agenda

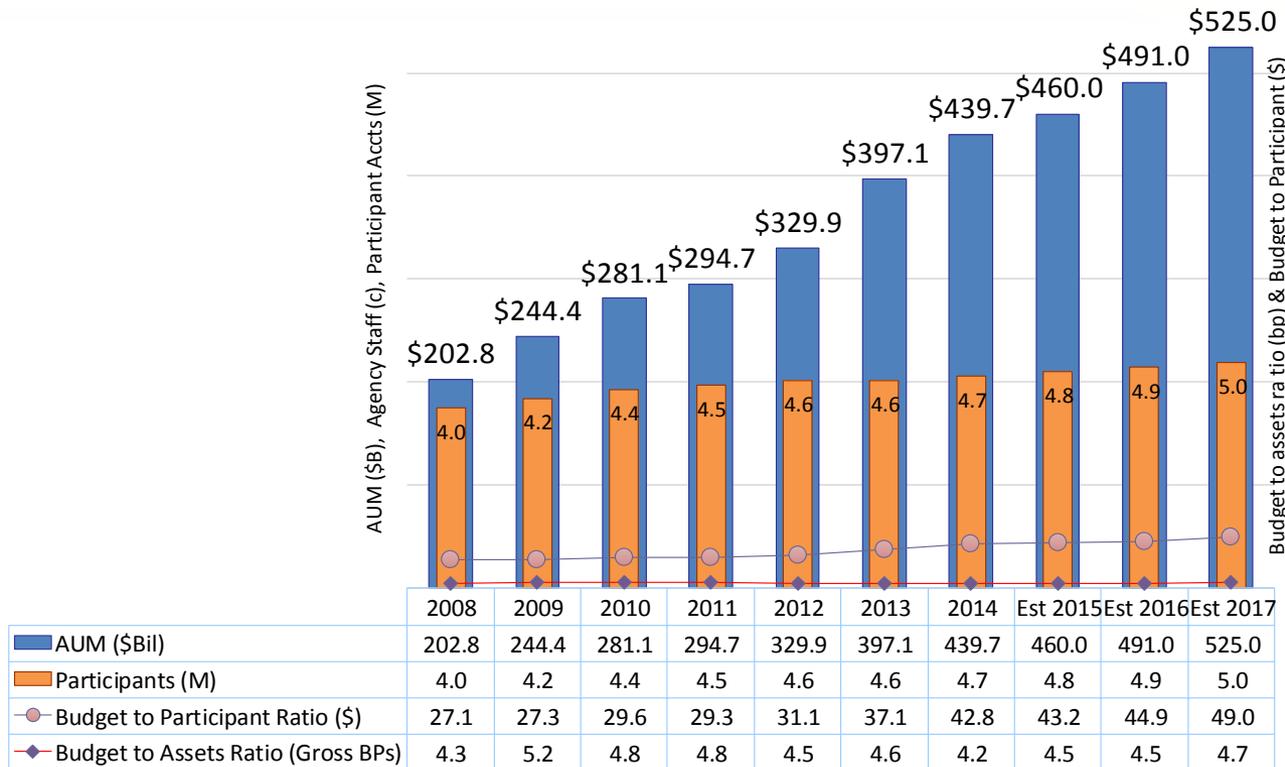


- TSP Plan Growth
- FY 2015 Review
- Budget Overview
- FY 2016 Budget Themes
- Budget Summary
- Strategic Plan “Preview”



TSP Plan Growth

(Based on 2008-2017 average historical and estimated growth rate)



- ❖ FY 2015 Data reflects as of July 31, 2015
- ❖ The Budget to Assets Ratio remains below 5.0 bps



FY 2015 Review

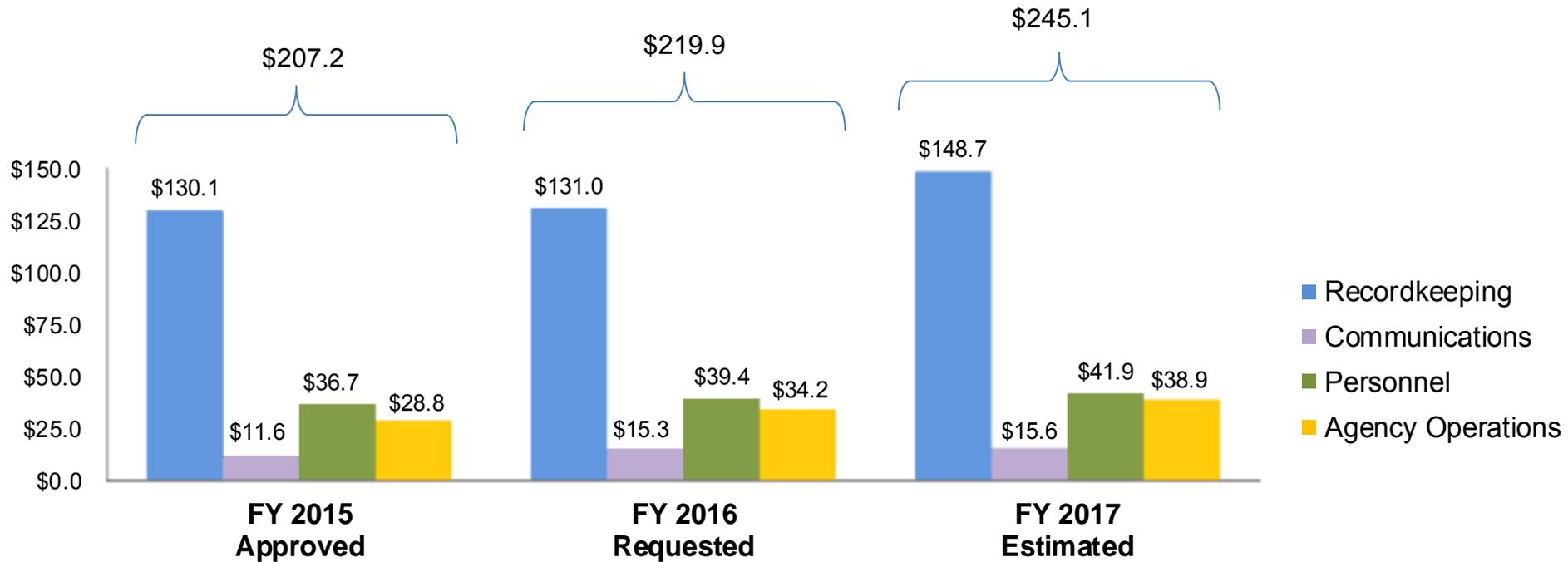


- FY 2015 budget of \$207.2 million allowed FRTIB to effectively perform TSP and Plan operations while advancing key projects and strategic initiatives
- Operational Highlights:
 - ✓ Record High participation rate of 88.3%
 - ✓ Service to 4.7 million participant and beneficiaries
 - 10,000 inquiries to Call Centers per day
 - 17,000 loans issued per month
 - 3,500 pieces of correspondence processed per month
 - Average \$2.5 billion in contributions and loan repayments processed per month
 - 1 million unique visitors to tsp.gov per month
 - 40,000 Twitter impressions per month
 - More than 300 participant and Agency personnel training sessions
 - Managed \$460 billion in AUM
- Projects and Strategic Initiative Highlights:
 - ✓ Ready to implement defaulting auto-enrolled participants into the age appropriate life cycle fund (L Fund Bill)
 - ✓ Initiated collection of participant email addresses; over 1 million added in first month alone
 - ✓ Strategic Initiative in Risk Management and Enterprise Information Security made substantial progress in strengthening those critical programs in support of both TSP and Agency planning and operations



Budget Overview

(\$Millions)

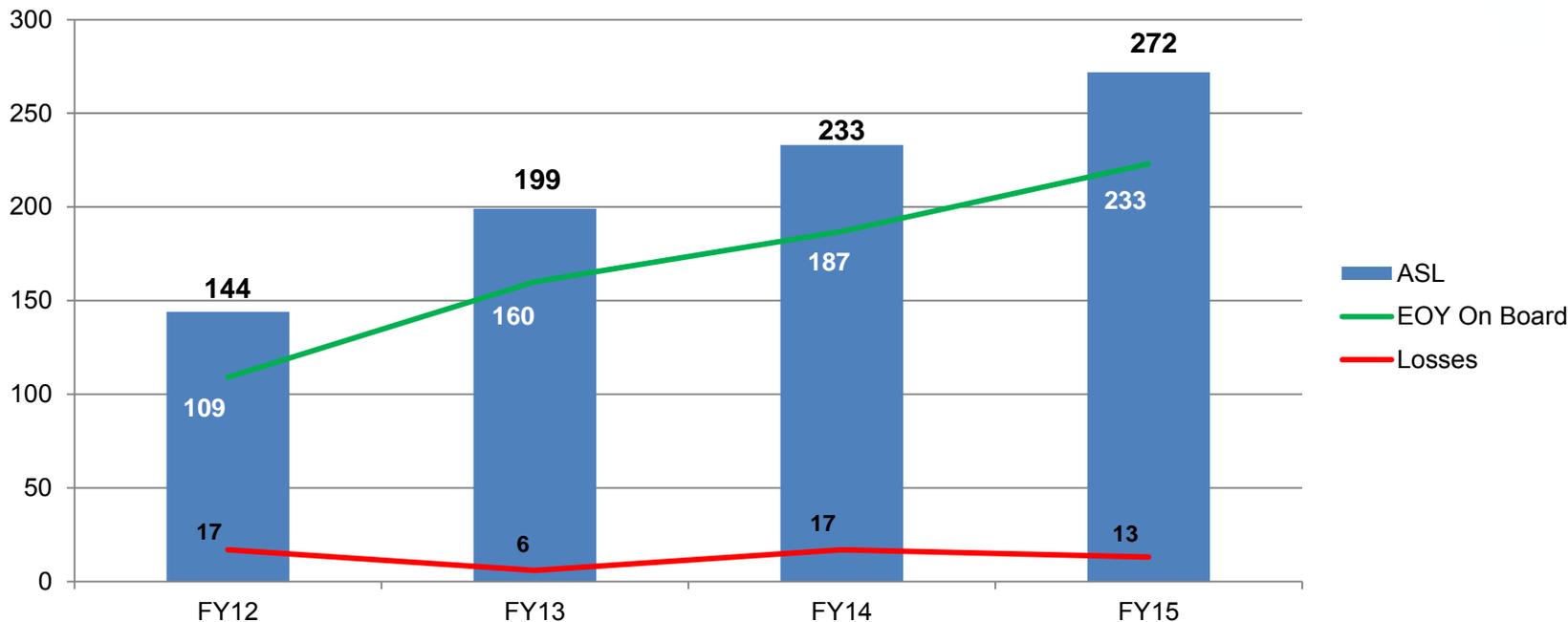




Budget Overview Continued



Authorized Staffing Level (ASL)



- ❖ The Agency's FY 2015 ASL is 272 employees
- ❖ By the end of FY 2015 forecasted ASL onboard is 233
- ❖ No request to increase FY2016 ASL



FY 2016 Budget Themes



Convergence of several critical initiatives over the next 12-36 months

Execution:

- Cyber Security
- Improved Controls and Audit Findings Closure

Planning:

- Uniformed Services Retirement Modernization
- Now & Later
- Financial Systems Modernization



Cyber Security



In FY 2016, IT Security investment of \$7.9M

Current Status:

- Cyber security posture
- Accelerated response to cyber threat
- We intend to accelerate a long term strategy to methodically improve our cyber security efforts

Expected Outcomes:

- Buttress network/security operations center
- Initiate federal/industry collaborations
- Initiate external/internal penetration testing, and establish surge capacity
- Implement Identity Credential and Access Management System (ICAM)
- Develop Information security architecture blueprint
- Initiate Virtual Desktop Infrastructure (VDI) study



Improved Controls and Audit Findings Closure



DoL has signaled intent to maintain increase audit activity

Current Status:

- DoL audit schedule increased from 3-5 audits to 15-18 audits annually
- Added audit liaison support in both OERM and OTS
- TESS Core adjustments to add additional resources

Expected Outcomes:

- Well positioned to address closure of audit findings
- Enhanced capability to meet the increased audit posture
- Maintain a rate of closure that exceeds the inflow of new findings



Uniformed Services Retirement Modernization



In January of 2015, the Military Compensation and Retirement Modernization Commission (MCRMC) report recommended auto-enrolling new Uniformed Service members into TSP

Current Status:

- FY 2016 National Defense Authorization Act (NDAA) in conference awaiting Congressional action

Expected Outcomes:

- Mandate to implement law October 2017/January 2018
- Increased processing and transactional volumes (estimated 20% growth)
- Need to improve website and other social media capabilities
- Revise education and communication materials
- FRTIB and contractor staff must be trained to support new plan rules/features



Now & Later (N&L)



“Now & Later” broadly defines the enhanced and outcomes-based service model for the TSP

Current Status:

- Participant initiated interaction with TSP (calls, web, forms)
- Focus on transactional efficiency and accuracy
- Non-integrated back office translates into lack of complete and timely information for participants
- Planning for N&L is being conducted using the following pillars:
 - Flexibility
 - Ease Of Use
 - Proactive Engagement
 - Personalization and Guidance

Expected Outcomes:

- An initiative in the 2017-2021 Strategic Plan aimed at improving participant retirement outcomes
- Customer-centric services, benefits and educational tools
- Advice and consultative support
- Engagement initiated around life events
- Integration of workflows (ExPRESS)



Financial Systems Modernization



Will support the financial and business service challenges of the future with more agility and automation

Current Status:

- Current financial systems are not integrated, scalable, or flexible
- Increased operational risk
- Numerous manual processes
- Defined business requirements for future state
- We have initiated the acquisition planning process

Expected Outcomes:

- Improve productivity gains
- Strengthen Security and Enhance Controls
- Improve Operational Efficiencies
- Enhance Transparency
- Provide real-time financial data and analytics
- Position the Agency for the future



Budget Summary

(\$Millions)



➤ **FY 2015 Re-cap**

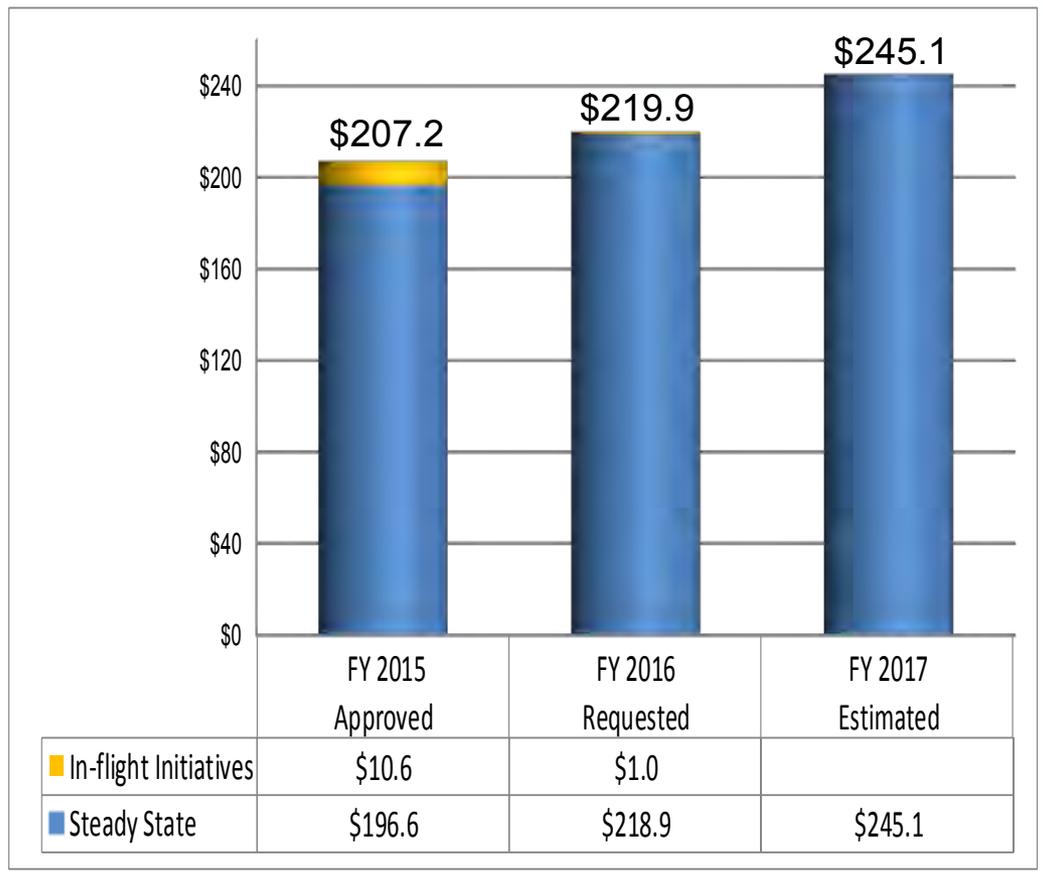
- Projected to close the year within 1% of \$207.2M allocation

➤ **FY 2016 Requested budget**

- 6.1% increase from FY 2015
- Seeking approval for \$219.9M

➤ **FY 2017 Estimate for review**

- Preview of FY 2017





2017 – 2021 Strategic Plan “Preview”



- FY 2016 planning efforts will allow us to define the size, scope and complexity of new initiatives that will be included in the Strategic Plan
- The 2017 – 2021 Strategic Plan will be presented to the Board for approval in FY 2016