



Annual Budget Presentation

Fiscal Year 2017 Proposal

Fiscal Year 2018 Estimate

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and

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Agenda

- TSP Plan Growth
- FY 2016 Review
- FY 2017 Budget Overview
- FY 2017 Budget Drivers
 - ✓ Steady State
 - ✓ Blended Retirement
 - ✓ Target Architecture Plan (TAP)
- Budget Summary



TSP Plan Growth

(Average historical and estimated growth rate)

Average Net Assets in Billions (\$)



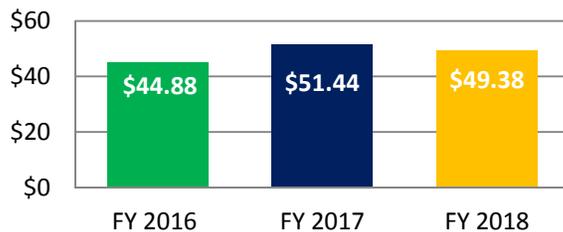
Participants in Millions



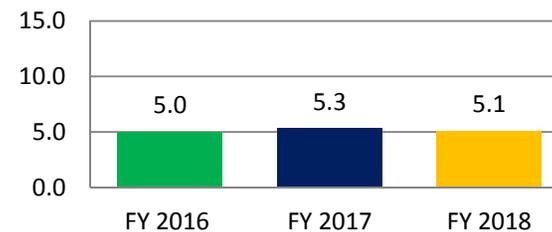
Budget in Millions (\$)



Budget to Participant Ratio in Dollars (\$)



Budget to Assets Ratio in Gross Basis Points



The key assumptions as of August 31, 2016 are:

- Asset values are the 50th percentile of results from simulation that sampled from historical average of TSP fund performance to model future returns.
- The simulation also modeled a range of potential FY 2018 changes in participant counts due to Blended Retirement.

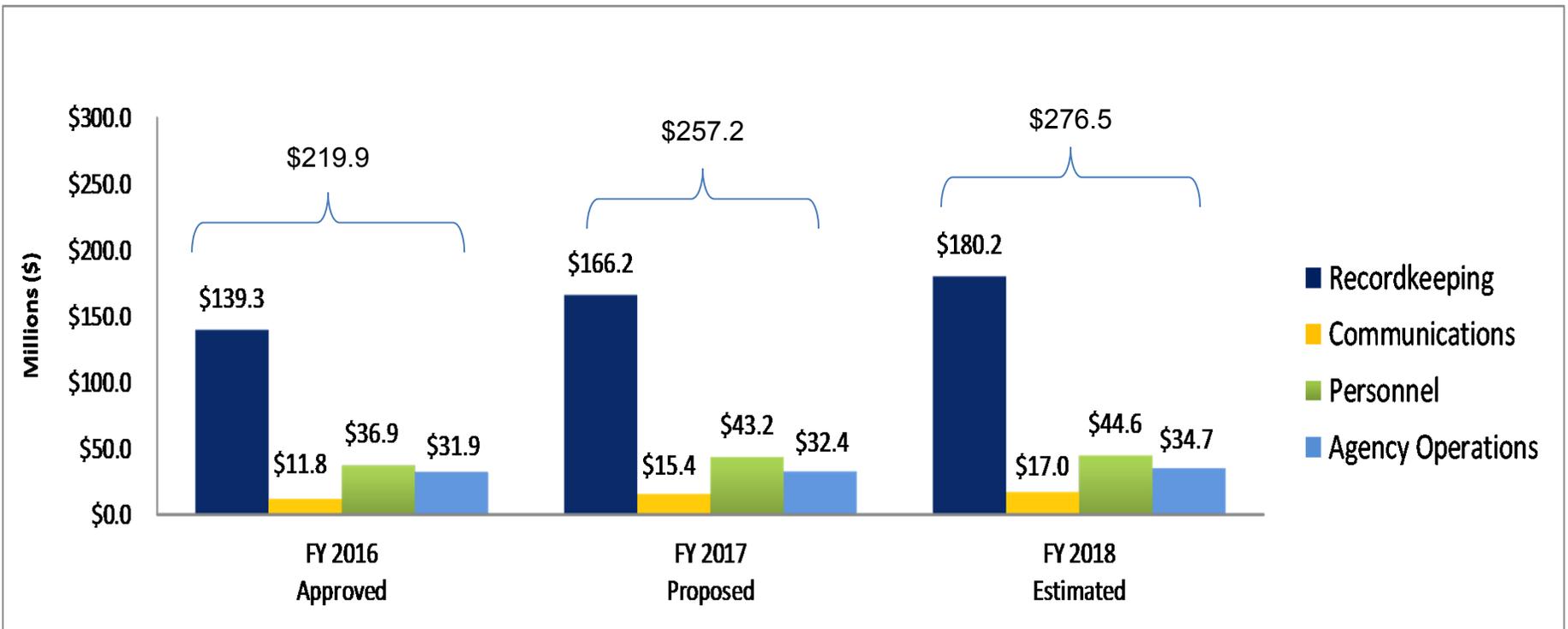


FY 2016 Review

FY 2016 budget of \$219.9 million allowed FRTIB to effectively perform TSP and Plan operations while advancing key projects and strategic initiatives:

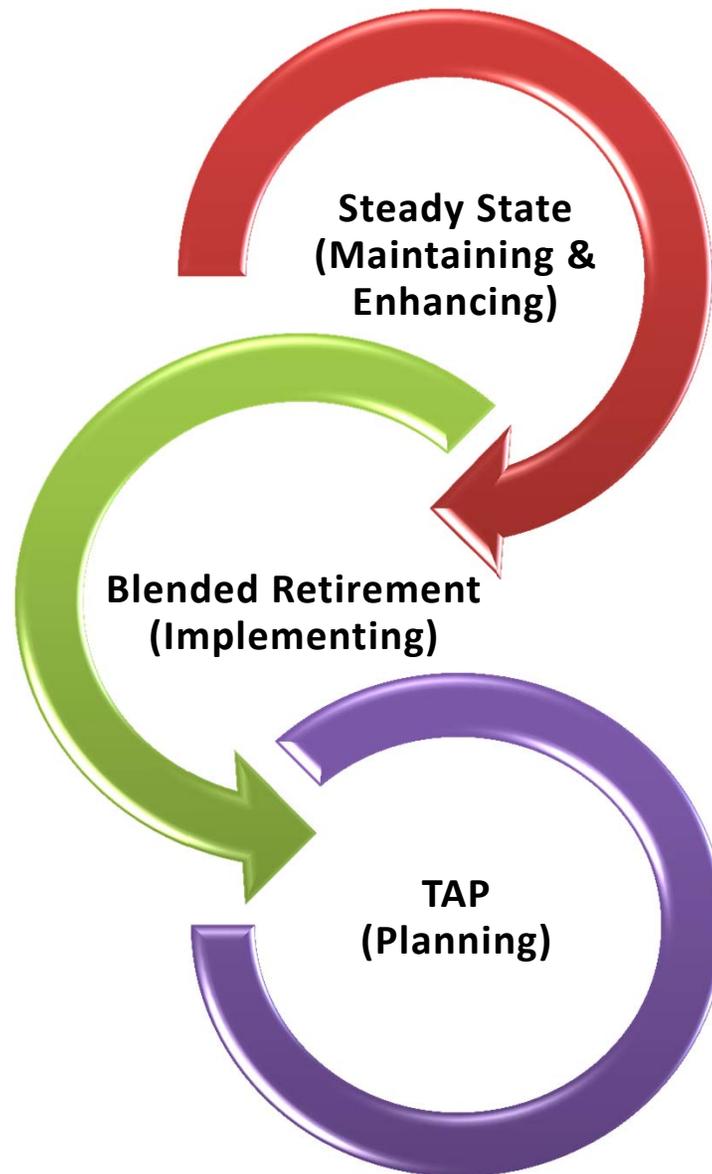
- ✓ Service to 4.9 million participants and beneficiaries
- ✓ Cybersecurity
- ✓ Improve Controls and Audit Findings Closure
- ✓ Blended Retirement
- ✓ Implemented Public Law 114-26 (The Defending Public Safety Employees' Retirement Act)

FY 2017 Budget Overview





FY 2017 Key Budget Drivers





Steady State

Steady state encompasses all of the permanent and ongoing operations and maintenance functions required to run the Agency and Plan.

Current Status:

- Recordkeeping and Agency Operations
- Capacity planning
- Enhancing cybersecurity
- Audit remediation
- Replacing outdated applications and servers

Expected Outcomes:

- Maintain flawless operations
- New mainframe
- Strengthening cyber posture
- Enhanced audit readiness
- Upgrade & enhance current IT infrastructure
 - Implement new Investment Operations applications
 - Replace legacy data submission application



Blended Retirement

The National Defense Authorization Act presented a statutory mandate for the Agency to implement the new Uniformed Services Blended Retirement Program by January 1, 2018.

Current Status:

- Streamline key manual processes
- Address systems capacities
- Revise education and communication materials
- Improve website and other social media capabilities

Expected Outcomes:

- Successful launch on January 1, 2018
- Enhanced participant support capabilities
- Increased capacity to support growing participant population



Target Architecture Plan

The Agency will focus on planning for the Target Architecture Plan (TAP), which involved an in-depth analysis of alternatives and execution of an acquisition strategy for this effort.

Current Status:

- Plan for the New Target IT architecture
- Define requirements
- Acquisition engagement

Expected Outcomes:

- Begin execution of acquisition strategy

Budget Summary

➤ FY 2016 budget re-cap

- On average, \$219.9M budget execution in alignment with projected allocation

➤ FY 2017 budget proposal

- 17% increase from FY 2016
- **Seeking approval for \$257.2M**
 - Steady State and Blended Retirement
- **Strategic Funding Request**
 - Potential mid-year funding request

➤ FY 2018 estimate for review

- TAP
- Cybersecurity

Budget
in Millions (\$)

