



2017-2021 Strategic Plan

Helping People Retire With Dignity

Federal Retirement Thrift Investment Board

We Help People Retire with Dignity



We provide federal civilian employees and members of the uniformed services with the information and tools to prepare for a secure retirement.

Our Mission

We administer
the TSP solely
in the interest of
participants and
beneficiaries.



Our Vision



We achieve flawless operations.

We help participants make smart choices.

We spend participant money wisely.

We make the FRTIB a great place to work; and a place where great work gets done.

We create excellent relationships with TSP stakeholders.

Our Core Values



Participant-Focused

We are passionate about delivering services that improve financial outcomes for participants.

We listen, respect, and carefully consider the needs of participants in all we do.

We value the interests of participants above those of all others.

Integrity

We are trustworthy and value individual and organizational honesty, consistency, and credibility.

We ensure the security and financial integrity of the Thrift Savings Fund.

We operate with independence and act ethically to carry out our fiduciary responsibility.

Collaboration

We value diversity and respect each other's ideas and contributions.

We encourage open, candid dialogue and foster relationships based on trust and shared objectives.

We build partnerships to achieve greater outcomes than we could alone.

Introduction

This strategic plan is a blueprint for the work that the Federal Retirement Thrift Investment Board (FRTIB) will undertake during the next five years in its administration of the Thrift Savings Plan (TSP/ Plan). The strategic plan defines our purpose and whom we serve, our ideal future state, and our fundamental beliefs on how we operate, make decisions, and foster our organizational culture. In addition, the plan outlines the strategic goals, enterprise objectives, and milestones by which we will address specific challenges and exploit opportunities for enhancement over the next five years. It establishes the framework for measuring our progress toward attaining the vision of the ideal state and outlines the steps we will take toward that vision over the course of the next five years. Furthermore, the strategic plan is the principle vehicle we use to inform our stakeholders of where we will concentrate our efforts and direct resources.

Our strategic plan establishes agency-level priorities and facilitates decisions we make about resources needed to implement our goals and objectives, including budget, time, and people. The strategic plan has been developed within our enterprise planning framework, which helps us to onboard, prioritize, implement, and report on strategic initiatives, while providing the flexibility to adapt to a changing environment. Our Enterprise Planning Process (EPP) improves organizational awareness through the continual monitoring of our performance and the identification of our successes and areas for improvement.

Our History

The Federal Retirement Thrift Investment Board (FRTIB) was created by the Federal Employees' Retirement System Act of 1986 (FERSA) to administer the Thrift Savings Plan as one element in the three-part retirement program for employees covered under the Federal Employee Retirement System (FERS). In the nearly thirty years since the TSP received the first civilian contributions, it has expanded to cover members of the uniformed services (largely voluntary, non-matched contributions) and spousal beneficiaries. It is now the largest defined contribution retirement plan with more than 4.9 million participants and nearly \$470 billion in assets under management. While the Plan's growth over the past thirty years represents a tremendous success, expectations of additional growth, demographic changes, and the need for infrastructure and service enhancements present new challenges for the Agency. We are committed to identifying and addressing these challenges as well as recognizing and leveraging opportunities to improve TSP participants' ability to retire with dignity.

Building Foundations and Getting Smarter: A Recap of the 2013–2017 Strategic Plan

During the years covered by the 2013–2017 Strategic Plan, we focused on strengthening our foundations. This effort to reinforce our foundation was focused on the following key strategic areas: improving information technology (IT) security, establishing an enterprise risk framework, implementing a robust human capital plan, and expanding our capability to make more data-driven decisions.

With the creation of the Enterprise Information Security and Risk Management (EISRM) program, we acknowledged the need to improve our IT policies and security posture. While IT security is an ongoing and continuously evolving challenge, we laid the foundation of our response to this challenge by updating our EISRM policy to ensure continuing compliance with the Federal Information Security Management Act (FISMA) and completing the assessment and authorization of 19 information systems. Most importantly, we created an Information Assurance Division (IAD) within our Office of Technology Services. IAD focuses on establishing and maintaining the Agency's strategy and programs to ensure information assets are adequately protected. This includes protection of personally identifiable information (PII) and sensitive financial information of our participants and beneficiaries from inappropriate access, use, and disclosure.

We also recognized a need to better understand and address risks to our enterprise in a more holistic manner. Consequently, we created the Office of Enterprise Risk Management (OERM) as the first step along the maturity spectrum of understanding and addressing enterprise risks. OERM enhances enterprise governance by embedding risk management into Agency operations and strategic decision making. OERM is composed of five teams: Anti-Fraud, External Audit Coordination, Internal Audit, Internal Controls, and Risk Assessments. These teams represent the various disciplines in our holistic approach to recognizing, preventing, controlling, and responding to risks.

A key component of our prior strategic plan was tied to developing a Human Capital Plan—a framework for aligning and planning staff recruitment against Agency plans and budget and a guide for identifying the skill sets and training needed to support the business. This Human Capital Plan was crucial in arming the Agency with the tools needed to support the considerable growth in staff experienced from 2013 to 2017. Additionally, the Human Capital Plan strengthened our performance



management; introduced enterprise change management; and fostered greater employee development, training, and mentoring.

Finally, we improved our ability to make data-driven decisions. We enhanced our decision intelligence capability by completing a benchmarking of our Plan benefits and services, operational processes, and costs against those in the defined contribution/financial institution space; conducted a comprehensive impact study of our communication materials and channels; and implemented technology to better facilitate the examination of participant behavior. We also surveyed participants to learn more about their preferences and withdrawal behaviors and hired professionals who greatly strengthen our ability to draw information from data by analyzing, testing, and projecting.

In addition to these strategic initiatives, we also completed other notable achievements, including successfully gaining legislative authority for and implementing the default investment allocation to the age-appropriate Lifecycle (L) Fund for auto-enrolled participants, implementing the tax penalty changes to the Internal Revenue Code regarding public safety employees, and completely restructuring our recordkeeping contract (now referred to as Technology Enterprise Support Services or TESS). We continue to adapt to a rapidly changing environment that includes significantly higher audit activity and an increased focus on the mitigation of IT vulnerabilities.

We successfully executed the initiatives identified in our 2013–2017 Strategic Plan, and the lessons learned from many of these efforts have informed and shaped several of the strategic initiatives identified in the 2017–2021 Strategic Plan.

The Environment in Which We Operate

Legacy Information Technology Architecture

The current IT architecture dates back to our 2003 transition to the recordkeeping system OmniPlus. While OmniPlus is at the core of our plan administration platform, the enterprise IT architecture comprised multiple other applications and hardware. Since 2003, we have improved functionality and capacity in portions of the architecture, but we have not conducted a comprehensive overhaul of the IT architecture. As a result, we are now operating in an IT environment that has grown organically, is not integrated, and relies upon end-of-life software products, many of which are custom-coded and have duplicative functionality. These deficiencies lead to lengthy implementations of enhancements, constrained system integration efforts, an inability to adopt innovative technology, difficulty in accessing and analyzing data, and security vulnerabilities.

Our outlook: Significant challenges

Modernizing the IT architecture is a complex and necessary effort that supports our business mission, aligns with our strategic goals, and moves us to a future state that applies best practices of IT system design. We believe that a move to a Service Oriented Architecture (SOA), which consists of loosely coupled, highly cohesive modular software components wrapped in Application Program Interfaces (APIs), will eliminate our key deficiencies and allow us to take advantage of innovative software products and technologies. In addition, it will facilitate the addition and removal of commercial or custom applications with no or limited impact on other components of the architecture and will greatly improve our data access. Thus, we will be able to more quickly respond to environmental and service changes and adopt best practices in plan administration. Most importantly, a new IT architecture provides an improved guard against cybersecurity threats, which will be discussed in more detail in the following section. We do recognize that this effort is a massive undertaking and will consume the bulk of our IT resources, thus limiting our ability to implement other IT-dependent initiatives. Furthermore, the implementation of a new IT architecture must be managed in an organized manner to reduce the risk to our business systems and enterprise security posture.

Cybersecurity Threats

Cybersecurity is an ongoing and continuously evolving challenge. This threat is faced by public and private sector organizations alike and is one that requires specialized skillsets and technologies to manage. Because the frequency and intensity of cyber threats are expected only to increase, organizations are focusing more intently on the quick identification and containment of these threats, sometimes with a trade-off of service delivery/availability.

Our outlook: Significant challenges

It is imperative that we continuously improve and strengthen our security posture and ensure that our information technology is both trustworthy and resilient. The increase in cyberattacks has shifted the focus and priority for how enterprises are designed, implemented, and operated to provide services over the Internet. The Agency's current architecture must be hardened and matured in areas like access control and multifactor



authentication to strengthen our cyber posture. Additionally, cybersecurity must be embedded as a core element of our business processes and reflect the best practices of industry and government. Our commitment to a secure environment will require the appropriate mix of people, policy, and technology and, across the next several years, will require a revamped architecture. In the near term, this commitment will place constraints on our ability to implement new initiatives and will potentially impact daily operations (e.g., result in extended outages). However, this emphasis will not only result in enhanced security but will ensure new services and features reside in a more secure environment.

Legislative Landscape

While the priorities of the next administration are not yet known, it is likely that federal budgetary pressures will continue. Downward pressure on the federal budget has frequently translated into pressure on federal employee pay and benefits. Some of these changes could impact TSP participants and the Plan.

The National Defense Authorization Act that passed in late 2015 authorized the new Uniformed Services Blended Retirement System (BRS), which will make the TSP a more significant component of the retirement plans of many uniformed services members. We are mandated to have this new system, which requires automatic enrollment of new service members and includes matching and automatic service contributions, in place on January 1, 2018.

Our outlook: Cautious optimism

BRS represents a major opportunity to increase retirement benefits for members of the uniformed services. Participation rates for active duty uniformed services members have not exceeded 45% since they became eligible to contribute to the TSP without receiving matching contributions in 2001. With BRS, which will be mandatory for new members and optional for members with fewer than 12 years of service, increased numbers of uniformed services participants will result in significant growth for the Plan. Estimates of participant growth in the first two years of BRS have been in the range of 500,000–600,000 new uniformed services participants. Implementing the new system will consume significant resources and require us to address increased capacity needs in back-end and participant-facing technology and services.

Regulatory Oversight

Over the past two years, the Employee Benefits Security Administration (EBSA) has dramatically increased the number of Plan performance audits from 5–6 annually to 20–25 annually. While increased audits benefit the Plan and our participants by identifying areas for improvement, the FRTIB must adjust staffing levels to support the increased number of audits.

Our Outlook: Cautious optimism

The FRTIB has added staff but needs additional support in offices absorbing the bulk of the audits in order to field and respond to audits and remediate findings. Additionally,

it will be critical for us to coordinate with EBSA on the schedule and scope of audits. We will also increase our focus on internal controls and continuous improvement activities as a means of root-cause mitigation of potential process weaknesses.

“While it is readily evident that efforts to address the legacy IT architecture and cybersecurity threats will have a significant drain on information technology resources, it must also be noted that the heightened audit activity is frequently focused on IT functions, thus representing additional pull on the same resources...”

Investment Environment

Expectations in the United States for modest economic growth and a slight rise in inflation over the near term, along with low unemployment, come amidst a backdrop of slower growth and inflation in other developed markets and some developing economies. Such potential headwinds have continued to put into question the ability of our economy to gain momentum and have created uncomfortable market disruptions at times. The possibility of these conditions persisting and impacting both equity and fixed income markets could lead to uncertainty for participants.

Our outlook: Cautious optimism

Historically, our participants have been resilient in down markets. Even dips in participation and contribution deferral rates during the 2008 recession were reversed quickly. The inertia of our growing automatically enrolled population decreases the likelihood of participants overreacting to shifting economic winds, but a slower economy and more volatile markets may challenge some participants at the end of their careers and cause them to reconsider their retirement plans or their withdrawal decisions.

Defined Contribution Industry

The DOL fee disclosure rule continues to reshape the focus of the defined contribution industry as plan sponsors and participants pay greater attention to fees. Additionally, there has been a marked shift in focus from balance accumulation to improved retirement outcomes and readiness. The emphasis on retirement readiness reflects concerns about participants being able to retire with sufficient savings, understanding the implications of longevity risk, and converting account balances into retirement income.

Our Outlook: Favorable

The TSP has been able to consistently provide a low-cost defined contribution plan. While we have communicated this advantage over the years, awareness of plan fees has seeped into the general market consciousness and conversation. This awareness favors the TSP as the low-cost option for consolidating retirement assets and retaining these assets after separation from service. As we consider the pros and cons of providing services to assist participants in retaining and consolidating qualified balances in the TSP, as well as offering retirement-focused financial advice, we must carefully consider the implications of the new DOL fiduciary rules on the TSP and our service providers.

Responding to the Environment

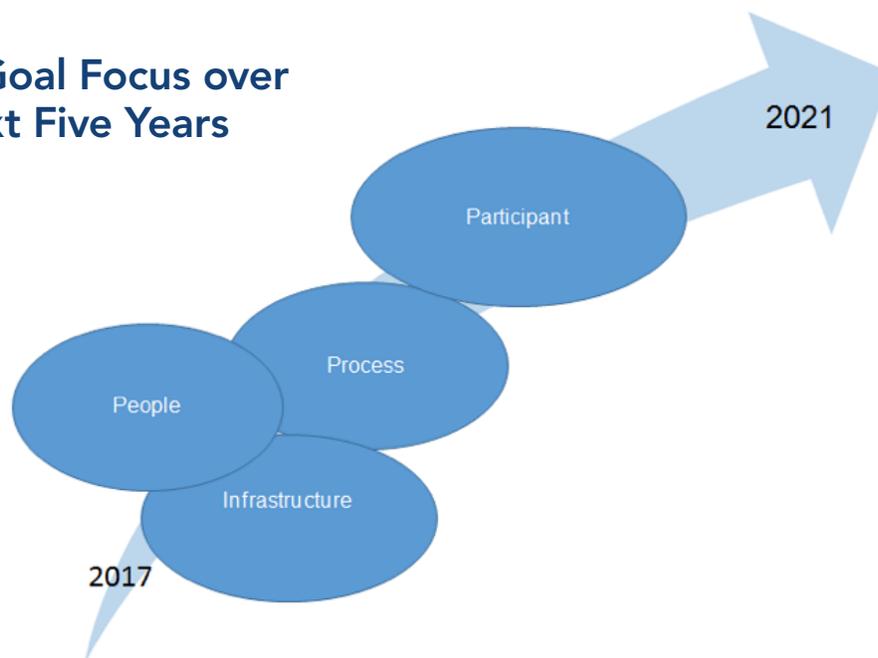
We examined our environment, both internal and external, and harnessed the insights and outputs from the 2013–2017 Strategic Plan. This led to the development of four key goals for the 2017–2021 Strategic Plan:

- Goal A – Implement a physical and technology infrastructure that optimizes and supports plan administration, agency operations, and the evolution of a new participant experience
- Goal B – Ensure that the FRTIB has the right skills, competencies, and leadership at all levels
- Goal C – Optimize business processes to allow continuous improvement of TSP and Agency operations
- Goal D – Develop a new participant experience that enables participants to identify and achieve their targeted retirement outcomes

Within each of these strategic goals are more specific objectives that define how we will achieve the goal and milestones that will measure our progress toward achieving our objectives.

The strategic goals for 2017 through 2021 have been developed to address four key areas: infrastructure, people, processes, and participants. While we will pursue objectives and initiatives in all goal areas over the course of the five year strategic period, we will concentrate efforts on new information technology (IT) architecture, the Blended Retirement System, and audit remediation during the early part of this strategic cycle, before turning to the other initiatives. The prioritization of strategic initiatives will be addressed later in this plan. The following pages outline the four strategic goals and enterprise objectives, along with associated milestones.

Strategic Goal Focus over the Next Five Years





Goal A | Implement a physical and technology infrastructure that optimizes and supports plan administration, agency operations, and the evolution of a new participant experience

Enterprise Objectives

A1. Build and operate a highly scalable, integrated, available, compliant, adaptable, and increasingly secure IT environment

Milestones

A1.1. Define and approve the IT Target Architecture

A1.2. Implement and operationalize the IT Target Architecture, which includes application portfolio modernization

A1.3. Implement and operationalize policies and technology that strengthen our cybersecurity posture

A1.4. Define and implement a rigorous set of IT asset management controls

A1.5. Define and maintain IT internal controls that enhance risk mitigation

A1.6. Assess and report on key IT internal controls

A2. Provide a physical work environment that is safe, secure, adaptable, and resilient

Milestones

A2.1. Validate Business Impact Analysis (BIA) and establish a two-year cycle for updates to BIA

A2.2. Establish a fully operational Continuity of Operations Plan

A2.3. Develop and implement an enterprise space management plan



Goal B | Ensure that the FRTIB has the right skills, competencies, and leadership at all levels

Enterprise Objectives

B1. Identify the skills and talent needed to support a new participant experience

Milestones

B1.1. Complete skills assessment to include identifying new skill requirements, current competencies and proficiency levels, and skill needs for our workforce

B1.2. Implement strategies to address findings from the skills assessment

B2. Understand and strengthen individual and enterprise capacity to meet mission needs

Milestones

B2.1. Establish a framework to delegate decision-making authority to the appropriate employee level, in order to alleviate bottlenecks with single points of authority

B2.2. Implement a resource management system that can identify, allocate, and forecast resources for plan administration, agency operations, and project and program teams

B3. Establish a strong organizational culture that exemplifies our core values

Milestones

B3.1. Embed clear expectations for executives, managers, and staff regarding core values as part of performance plans

B3.2. Establish a methodology to measure the extent to which we operate according to our core values



Goal C | Optimize business processes to allow continuous improvement of TSP and Agency operations

Enterprise Objectives

- C1. Ensure that existing business processes are properly documented and repeatable and have clear ownership and accountability

Milestones

- C1.1. Verify ownership and accountability for business processes
 - C1.2. Develop a risk-based methodology to more holistically evaluate audit findings
 - C1.3. Assess and monitor internal controls for key business processes
 - C1.4. Synchronize key business processes with existing policies, procedures, the business continuity plan, and internal controls and establish their central and readily available location
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- C2. Produce high-quality data on business process performance and make it available to those who need it, when they need it, in support of decision-making

Milestones

- C2.1. Identify business processes that require performance metrics
 - C2.2. Establish baseline performance metrics for business processes where needed
 - C2.3. Identify key data needs of decision makers
 - C2.4. Create dashboard of current and historical performance metrics and baselines
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- C3. Evaluate and reengineer business processes and associated performance standards for opportunities to improve efficiency, increase scalability, and facilitate straight-through processing

Milestones

- C3.1. Launch Service Review Committee to ensure an enterprise view of business process performance, challenges, and opportunities
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- C3.2. Analyze and prioritize gaps and redundancies in key business processes
 - C3.3. Reengineer 100% of prioritized gaps in key business processes
 - C3.4. Establish multiple asset managers and direct custodial bank relationships
 - C3.5. Implement a fully integrated financial and procurement systems solution that will also support project accounting, business intelligence, and activity-based costing integration



Goal D | Develop a new participant experience that enables participants to identify and achieve their targeted retirement outcomes

Enterprise Objectives

- D1. Educate and proactively engage participants via their preferred communication channels so they can make smart choices about their TSP accounts

Milestones

- D1.1. Identify critical touch points in a participant's life that represent opportunities for the participant to make important TSP decisions
 - D1.2. Make the policy decision on offering "advice" to participants
 - D1.3. Begin collecting key participant demographic data, such as salary, deferral rate and gender data, that will facilitate individualized communications
 - D1.4. Implement outbound and individualized communications based on life events
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- D2. Formulate and implement plan design improvements that increase the likelihood that participants do not outlive their TSP assets

Milestones

- D2.1. Implement additional withdrawal options to accommodate post-retirement needs
 - D2.2. Implement capability to invest and withdraw Roth and traditional balances separately to facilitate participant tax advantages
 - D2.3. Launch additional Lifecycle (L) Funds in five-year intervals, e.g., 2025, 2030, 2035, etc. to allow participants to more closely align their L Fund investment decisions with their future withdrawal plans
 - D2.4. Launch Mutual Fund Window to increase investment flexibility
 - D2.5. Implement changes on participant annual statements to inform participants on the expected sufficiency of their current and projected TSP savings
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Executing Our Strategy

As we prepare for the transition from strategic planning to strategic execution, we have overlaid our strategic initiatives with critical steady-state work to identify and deconflict areas where we are competing for the same limited resources. To facilitate efficient implementation of key initiatives, we created portfolios (packets of related work) to organize both strategic efforts and related operational activities.

While flawless operation of our steady-state environment, i.e., plan administration and agency operations, is always our number one priority, the prioritization of the strategic portfolios was based on the following criteria:

1. Risk . . . mitigation of high risk items
2. Mandated . . . required by law or statute
3. Public Commitment . . . strategic imperative
4. Industry Benchmark . . . close any gap in performance
5. Service Enhancement . . . improvements and efficiencies

This planning framework is designed to allow us the flexibility to periodically reprioritize or onboard initiatives as we adapt to a changing environment. Should any changes in our portfolios or prioritization occur, there will be a formal updating of the strategic execution plan.

It is clear that implementing the new IT architecture is not only critical to supporting steady-state operations but sets the foundation for modernizing our financial systems and providing enhanced participant services. Therefore, over the next three years, our primary focus will be on the following:

1. Improving and hardening our cybersecurity posture
2. Meeting our legislative mandate to implement the Blended Retirement System and ensuring our system is prepared for the influx of 500,000–600,000 new participants
3. Architecting and building the information technology platform that will provide operational agility, scale, resilience, and security
4. Improving controls and audit remediation

Modernizing the financial system; ensuring that the FRTIB is a great place to work; and enhancing participant services, benefits, and flexibilities are initiatives that will be implemented only to the extent they do not require resources that are working on our high-priority initiatives. If information technology resources are needed to support these secondary initiatives, the work will be done after the work on cybersecurity, Blended Retirement, audit remediation, and the building of the new IT

“If information technology resources are needed to support secondary initiatives, the work will be done after the work on cybersecurity, Blended Retirement, audit remediation, and the building of the new IT infrastructure have largely been completed.”



infrastructure have largely been completed. In addition to allowing us to focus on our priorities, delaying several initiatives will mean we can implement them on the new IT infrastructure, rather than in our current legacy environment. At the same time these strategic initiatives are being implemented, we must always deliver operational accuracy and availability.

It is worth emphasizing that there are initiatives and activities that will not use resources that are focused on our top priorities. Those initiatives and activities are being encouraged to advance but only on a “non-interference” basis relative to the top priorities.

The following is a brief description of each of the strategic initiatives and a “cross track” to the milestones identified in our strategic goals or a prioritization criterion. Note, in several instances, the strategic initiative may be associated with multiple goals and objectives.

Cybersecurity

A1.3. Implement and operationalize policies and technology that strengthen our cybersecurity posture

The effort to quickly identify, contain, and remediate cybersecurity threats is critical. The cybersecurity initiative represents a continuous uplift to our security posture, embeds cybersecurity into all Agency activities, and helps remediate a significant portion of related audit findings. With this initiative, we want to ensure that our IT infrastructure is both trustworthy and resilient, strengthen IT security practices and capabilities, establish a robust and comprehensive security architecture, and retain the confidence of participants and other key stakeholders in our IT security policies and practices.

Blended Retirement System

Legislative Mandate

This initiative implements the legislatively mandated, automatic enrollment of uniformed services members into the Thrift Savings Plan. As noted previously, we believe the Blended Retirement System will drive significant growth in our participant population, resulting in higher processing volumes and capacity requirements. In preparation for this growth, we will streamline key manual processes that may be stressed by increased volumes, address many systems capacity concerns, revamp the website, enhance participant support capabilities, revise and create education and communication for participants and service personnel and payroll representatives, and update the OMNI recordkeeping system and other appropriate applications to support the business rules for the new BRS.

Target Information Technology Architecture

A1.1. Define and approve the IT Target Architecture

A1.2. Implement and operationalize the IT Target Architecture which includes application portfolio modernization

A1.4. Define and implement a rigorous set of IT asset management controls



The Target Architecture Portfolio (TAP) is a compilation of requirements and projects needed to build a new target IT architecture. The TAP will eliminate the current legacy environment and deliver an information technology infrastructure that is contemporary, agile, scalable, and secure. The target architecture is the platform that will facilitate a new service model, provide integrated and secure systems, and support future growth. Benefits of the TAP include the following:

- Remove complexities from and/or simplify application integration
- Efficiently and securely connect applications in the distributed environment to our recordkeeping platform
- Improve security, reliability, and supportability of interfaces with external systems
- Improve data availability, accuracy, and quality across all databases
- Improve capabilities and security of public-facing applications
- Enable successful execution of life event detection and follow-up actions to support the new participant experience

This strategy entails a massive amount of work, which will be carefully planned, governed, and implemented over multiple years.

Improved Controls & Audit Findings Remediation

- A1.5. Define and maintain IT internal controls that enhance risk mitigation
- A1.6. Assess and report on key IT internal controls
- A2.1. Validate Business Impact Analysis (BIA) and establish two-year cycle for updates to BIA
- A2.2. Establish a fully operational Continuity of Operations Plan
- C1.1. Verify ownership and accountability for business processes
- C1.2. Develop a risk-based methodology to more holistically evaluate audit findings
- C1.3. Assess and monitor internal controls for key business processes
- C1.4. Synchronize key business processes with existing policies, procedures, business continuity plan, and internal controls and establish their central and readily available location
- C2.1. Identify business processes that require performance metrics
- C2.2. Establish baseline performance metrics for business processes where needed
- C2.3. Identify key data needs of decision makers
- C2.4. Create dashboard of current and historical performance metrics and baselines
- C3.1. Launch Service Review Committee to ensure enterprise view of business process performance, challenges, and opportunities
- C3.2. Analyze and prioritize gaps and redundancies in key business processes
- C3.3. Re-engineer 100% of prioritized gaps in key business processes

This initiative is structured to position the Agency to have the bandwidth to handle the current schedule of 20–25 annual audits without introducing unreasonable risk to agency administration and Plan operations, to improve and speed remediation of audit findings, and to ultimately reduce the level of new and repeat audit findings by identifying and addressing root cause issues and strengthening internal controls.

Financial Systems Modernization (FSM)

- C3.4. Establish multiple asset managers and direct custodial bank relationships
- C3.5. Implement a fully integrated financial and procurement systems solution that will also support project accounting, business intelligence, and activity-based costing integration

We use numerous, disparate, legacy financial systems that limit our flexibility and ability to fully capture and understand data. Additionally, these systems cannot be scaled to meet the changing needs of our agency or to enable us to provide best-in-class service. During 2015, we completed an assessment of our existing financial system and determined that it should be replaced with an integrated financial system that will not only allow for scale and flexibility but will also facilitate activity-based costing, streamline business operations, improve efficiency, create traceability of transactions through a single system, and improve resource planning.

The initiative to replace our current financial system will be planned during the early part of the 2017-2021 strategic planning period, and the considerable efforts to cleanse our data will be undertaken, with the procurement and implementation of the system occurring towards the end of the planning period. In addition to planning the replacement of our financial system, we believe we can also move forward with two changes to our investment operations during the early years of this strategic planning period. As noted previously, our enterprise risk practice continues to mature, and we recognize and accept that some risks with a very low likelihood of occurrence represent the potential for significant consequence. Thus, we are compelled to take preemptive action. The potential consequences of a significant economic event on our investment operations drive us to pursue multiple asset managers and a direct relationship with a custodial bank as a risk mitigation strategy. We believe that this effort will have limited impact on our IT resources and can proceed on a non-collision basis.

Great Place to Work

- A2.3. Develop and implement an enterprise space management plan
- B1.1. Complete skills assessment to include identifying new skill requirements, current competencies and proficiency levels, and skill needs for our workforce
- B1.2. Implement strategies to address findings from skills assessment
- B2.1. Establish a framework to delegate decision-making authority to the appropriate employee level, in order to alleviate bottlenecks with single points of authority
- B2.2. Implement a resource management system that can identify, allocate, and forecast resources for plan administration, agency operations, and project and program teams
- B3.1. Embed clear expectations for executives, managers and staff regarding core values as part of performance plans
- B3.2. Establish a methodology to measure the extent to which we operate according to our core values

Making the FRTIB a great place to work and a place where great work is done is the principal goal of this initiative. We cannot underestimate the importance of human capital to the long-term success of any initiative we pursue and to the Agency. Therefore, a key objective of this initiative is to ensure we have the right competencies and skills among our



employees and contractors to achieve our strategic goals and successfully maintain steady-state operations. This collection of initiatives will help us to assess skills needs, identify gaps, and develop strategies to address those gaps and ensure that our staff is ready for the evolution of the TSP. We will focus attention on several areas related to the development and support of our employees, as follows:

- Change Management Implementation
- Performance and Recognition
- Resource Management Plan
- Workforce Development and Training
- Work Life, Onboarding, Employee Appreciation, and Inclusion

TSP 3D: Dialogue, Delivery, and Data

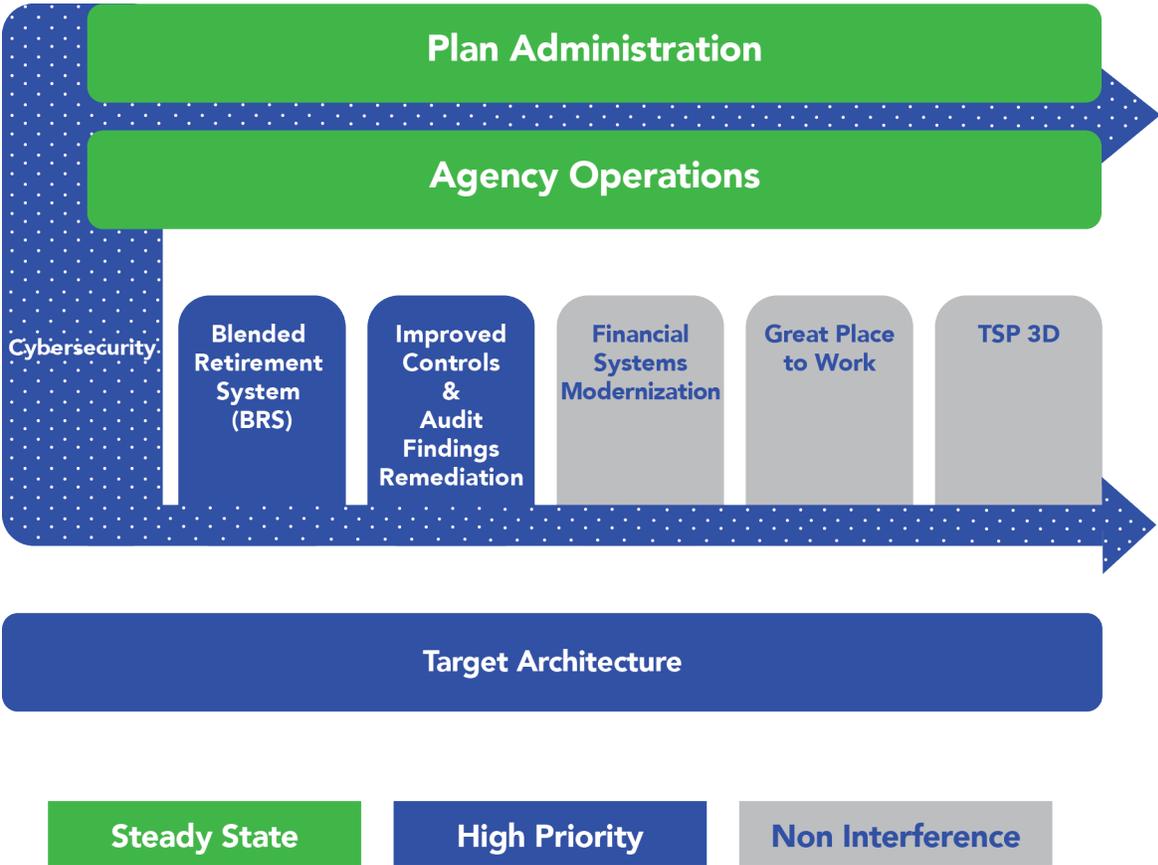
- D1.1. Identify critical touch points in a participant's life that represent opportunities for the participant to make important TSP decisions
- D1.2. Make the policy decision on offering "advice" to participants
- D1.3. Begin collecting key participant demographic data, such as salary, deferral rate and gender data, that will facilitate individualized communications
- D1.4. Implement outbound and individualized communications based on life events
- D2.1. Implement additional withdrawal options to accommodate post-retirement needs
- D2.2. Implement capability to invest and withdraw Roth and traditional balances separately to facilitate participant tax advantages
- D2.3. Launch additional Lifecycle (L) Funds in five-year intervals, e.g., 2025, 2030, 2035, etc. to allow participants to more closely align their L Fund investment decision with their future withdrawal plans
- D2.4. Launch Mutual Fund Window to increase investment flexibility
- D2.5. Implement the Zone of Confidence on participant annual statements to inform participants on the expected sufficiency of their current and projected TSP savings

During the past five years, we made significant headway in laying the foundations for the new participant experience, which we called "Now and Later." Now and Later was the starting point for defining our new service model. We have synthesized our learnings to focus attention on three key areas: improved dialogue with our participants, the delivery of expanded Plan features and services, and the improved utilization of data to facilitate FRTIB and participant decision making. Accordingly, we have branded our new service model TSP 3D: Dialogue, Delivery, and Data, which will provide, among other benefits:

- a new engagement model that will proactively support participants with their retirement decisions,
- expanded options for personalization with improved tools and guidance,
- greater self-service features with robust digital communication and transaction options,
- investment and withdrawal flexibility, and
- targeted participant engagement using the participant's preferred communication channels

As noted earlier, the planning process has facilitated our ability to prioritize, coordinate, and adjust to changes in the environment. Consequently, as we respond to new information and environmental change, the portfolio structure and its prioritization may be altered over the five-year planning period. The diagram on the following page provides a high-level visual illustration of the Agency’s strategic focus for the 2017–2021 planning period. At all times the Agency pursues the flawless operation of steady state, i.e., plan administration and agency operations. The diagram also highlights that improving our cybersecurity posture not only stands as a critical initiative, but will be embedded in all Agency activities, steady state, strategic initiatives, and culture. Further, building the new target information technology architecture is a foundational activity, which will enable the implementation of several other strategic initiatives. Along with these, the implementation of the Blended Retirement System and the remediation of audit findings will be our primary focus for the next 18 to 24 months as these efforts represent the highest priority and risk.

Portfolio Prioritization



Summary

We look forward to the challenges and opportunities that the FRTIB faces over the next five years. We know that we will strengthen our IT infrastructure and cybersecurity posture and achieve the maturation of our enterprise risk management framework. Furthermore, by optimizing our business processes and focusing on staff skills and competencies, we will move closer to our vision of achieving flawless operations.

While we are enthusiastic about the changes and initiatives that will improve our people, processes, and technology, we always keep our participants at the forefront. There is nothing more important than ensuring operational availability and excellence and the validity and security of participant PII. As we celebrate 30 years of achievements, we look forward to the continued evolution of the TSP. We believe that our transition to TSP 3D: Dialogue, Delivery, and Data will result in better service to our participants and improved retirement outcomes. The goals, objectives, and milestones outlined in this plan reflect our commitment to helping people retire with dignity.