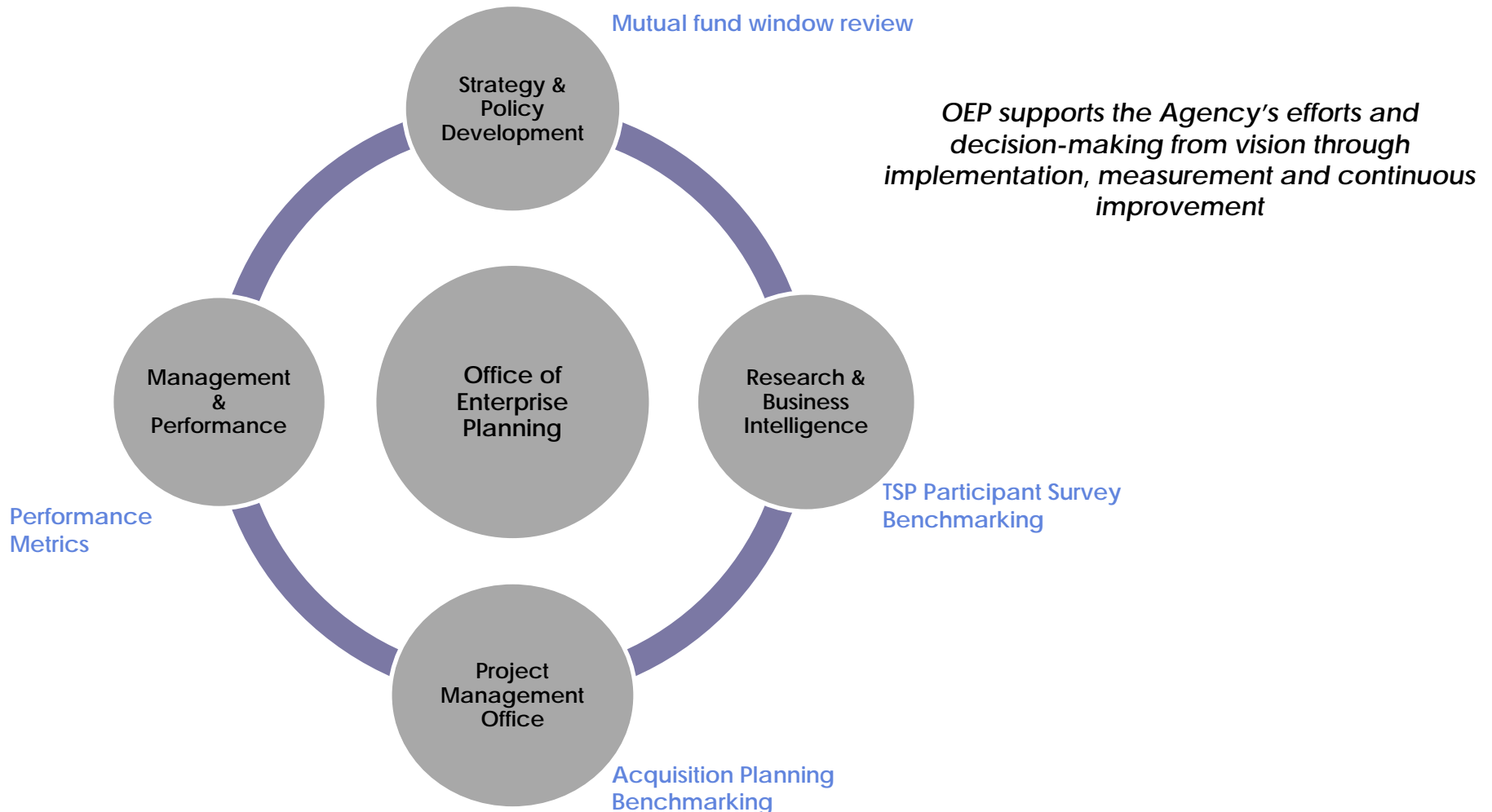


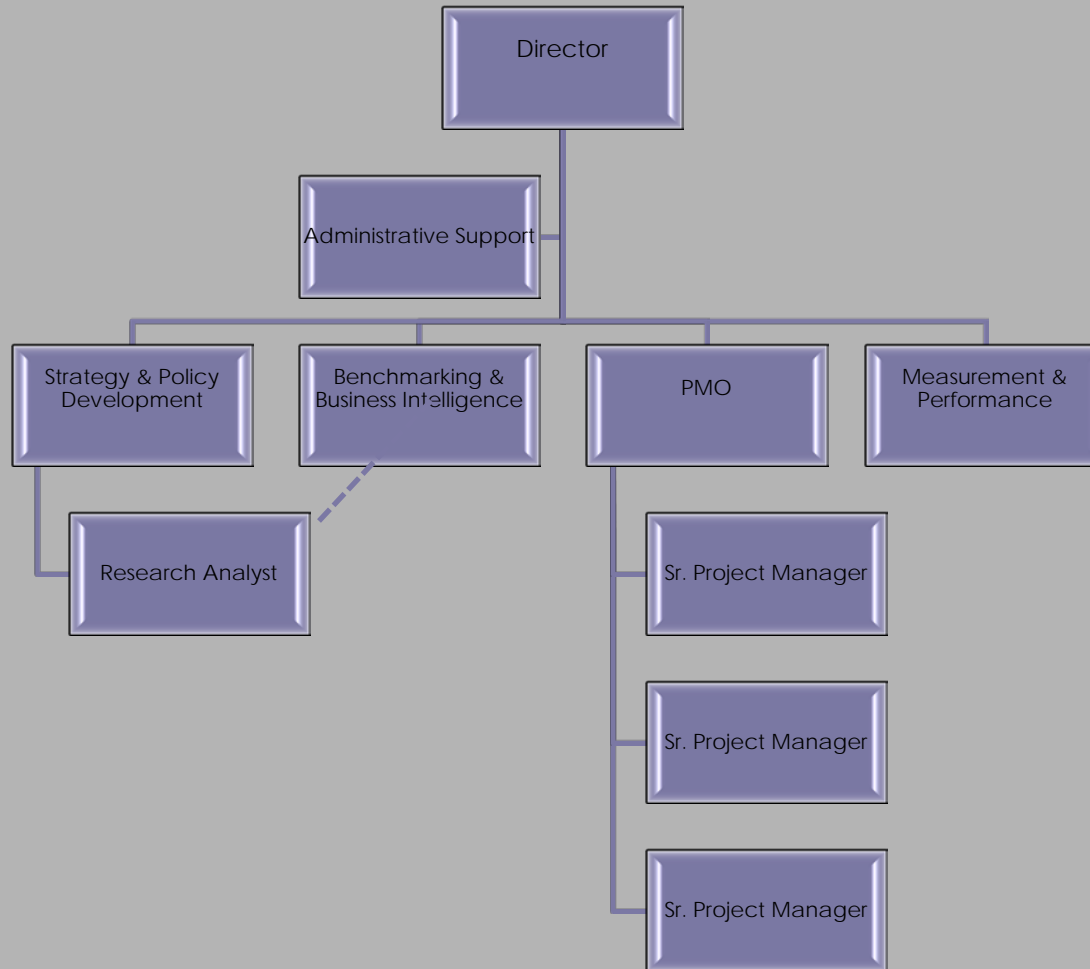
# Office of Enterprise Planning (OEP)

Understand it, plan it, build it and improve it!

# Office of Enterprise Planning (OEP)



# OEP Organization



FY 14 authorized staffing level - 16

# FY 14/15 New Initiatives



- Managing FRTIB expansion on 9<sup>th</sup> floor
- Managing the Decision Intelligence portfolio
- Coordinating an expanded survey program
- Developing a measure of TSP participant retirement health
- Implementing the acquisition planning framework
- Coordinating the plan, process and cost benchmarking effort

# Office of Enterprise Planning

**Acquisition Planning  
Project Management**

Project  
Management  
Office

Steve Huber

# FY 14/15 PMO Initiatives

## Acquisition Planning Framework: Service Center Project

- Do the research and planning to support a “best-in-class” procurement
- Identifying synergies between project and major acquisitions planning documentation
- Leveraging the Project Management Lifecycle to build integrated project and procurement teams for major acquisitions and to establish a singular governance process and workflow

# FY 14/15 PMO Initiatives

## Benchmarking

### Purpose (Three Parts)

- Identify and conduct a performance measure assessment and recommend improvements to key operational processes
- Conduct a comparison of the TSP to other large Defined Contribution (DC) plans
- Establish an on-going strategic performance management and benchmarking program

# Office of Enterprise Planning

Management  
&  
Performance

**Quarterly Performance Metrics**

Toni Bush Neal



# 2<sup>nd</sup> Quarter Performance Metrics

## Federal Retirement Thrift Investment Board



## Strategic Performance Metrics

2nd Quarter Fiscal Year 2014

Metric	Description	Target	Threshold	Frequency	1stQ FY13	2ndQ FY13	3rdQ FY13	4thQ FY13	1stQ FY14	2ndQ FY14 /Comments	Status
Strategic Goal 1: We help people retire with dignity											
FERS Participation Rate	Average FERS participation rate	90.00%	85.00%	Quarterly	86.60%	87.10%	86.70%	86.40%	85.90%	87.10%	●
Active Duty Uniformed Service Member Participation Rate	Percentage of active duty participants in the Plan relative to the eligible active duty population	Quarterly increase in active duty participation rate greater than 0.5%	Quarterly increase ≥ 0%	Quarterly	40.20%	40.40%	40.40%	39.90%	39.50%	41.10%	●
FERS Average Deferral Rate	Percent of FERS participants deferring less than 5%	Annual decrease by 1% or more from prior year	Annual decrease ≥ 0%	Annually					22.08 (for 2012) A decrease of 2.66% from prior year	N/A	●
Average Asset Allocation	Participants elect asset allocations that reflect greater age-based diversification	Quarterly increase greater than 0.5% in proportion of participant balances allocated to the L Funds	Quarterly increase ≥ 0%	Quarterly		14.40%	14.90%	15.20%	15.80%	16.20%	●
1 Year Post-separation Retention	Percentage of participants that retain a balance with TSP one year after separation	Annual increase by 1% or more over prior year	Annual increase ≥ 0%	Annually					54.40% A increase of 0.4% from prior year	N/A	●
Strategic Goal 2: We ensure that FRTIB is a great place to work											
Performance Management Plans (PmP)	Percent (%) of FRTIB staff members in place on 10/1 that have completed PMPs	100% by 10/31	100% by 12/31	Annually					100% (by 12/31)	N/A	●
Best Places to Work Rankings	Ranking based on overall score which measures performance of agencies related to employee satisfaction and commitment	Top 25%	Top 50%	Annually					5/29 (for 2013)	N/A	●
Strategic Goal 3: We pursue flawless operations											
Investment Report Delivery	Number of days that daily investments is not performed by 3 PM, Eastern Time	0 days	1 day	Quarterly	0	1	0	0	0	0	●
Participant Account Information Availability	Number of days participant account information is not updated on the web by 8 AM, Eastern Time	0 days	1 day	Quarterly					1	0	●
Call Center Availability	Percent (%) of time a call center is available during established business hours	99.80%	99.50%	Quarterly	99.00%	98.90%	100.00%	100.00%	100.00%	96.90%	●

Metric	Description	Target	Threshold	Frequency	1stQ FY13	2ndQ FY13	3rdQ FY13	4thQ FY13	1stQ FY14	2ndQ FY14 /Comments	Status
Call Center Response Time	Percent (%) of calls answered within 20 seconds	90.00%	85.00%	Quarterly	92.60%	81.40%	97.80%	98.70%	97.90%	87.30%	●
Withdrawal Transactions	Percent (%) of withdrawals processed within five (5) business days of receipt of valid package	95.00%	90.00%	Quarterly	76.00%	98.00%	99.10%	100.00%	99.00%	97.13%	●
Participant Correspondence Response Rate	Percent (%) of written participant correspondence responded to within five (5) business days (except loans)	90.00%	85.00%	Quarterly					99.00% (12,620 of 12,747)	84.10%	●
Emessaging Response Rate	Percent of Emessages responded to within 24 hours (2 business days)	95.00%	90.00%	Quarterly					99.40% (13,811 of 13,894)	98.30%	●
Strategic Goal 4: We maintain excellent relationships with entities that oversee, regulate, govern, and influence the TSP.											
Audit Reports	FRTIB management responds to draft and final reports within the agreed to time standards	100% within 30 days	100% in 45 days	Quarterly					100% (3 of 3 met)	100% (5 of 5 met)	●
Board Satisfaction	Board's satisfaction with the information and interaction with FRTIB	Exceeds Expectations	Meets Expectations	Annually					Exceeds Expectations	N/A	●
Participant Satisfaction	Participant satisfaction with the TSP	85.00%	80.00%	Biannually					87.00% (2013) A 1% increase over 2011	N/A	●
Financial Audit Opinion	Opinion on FRTIB financial statements from independent auditor	Unqualified	Unqualified	Annually						Financial Audit for 2012 (received in 2/2013) was unqualified	●
ETAC Satisfaction	Strong relationship with ETAC and they actively support our positions	2/3 support on 100% of FRTIB positions	2/3 support on 90% of FRTIB positions	Annually					100%	N/A	●
Performance Audit	New and existing fundamental or significant findings scheduled to be closed this quarter are closed	100.00%	90.00%	Quarterly			100% (7 of 7 findings)	88.00% (22 of 25 findings)	50.00% (3 of 6 findings)	75.00% (6 of 8 findings)	●
Decision Intelligence	Completion of projects within the Decision Intelligence Portfolio	Schedule slack is ≥ 5% of schedule	Schedule slack is < 5% of schedule	Quarterly					30.38% (Benchmarking is the only project in the execution phase)	30.00% (Benchmarking is the only project in the execution phase)	●
Enterprise Information Security & Risk Management (EISRM)	System authorizations completed according to schedule	Total assessments and authorizations planned for quarter completed	Total assessments and authorizations planned for quarter completed - 1	Quarterly				1/1	0/0	2/2	●
Integrated Acquisition Strategy Index	Establishment and enhancement of contracting and acquisition policies	First draft of contracting and acquisition policies delivered by 12/31/2013	First draft of contracting and acquisition policies delivered by 3/31/2014	Annually					Both draft policies were received by 12/31/2013	N/A	●

# Office of Enterprise Planning

Research &  
Business  
Intelligence

**TSP Participant Survey**

Lorraine Terry  
Renée Wilder

# 2013 TSP PARTICIPANT SURVEY RESULTS

*Office of Enterprise Planning*

*May 19, 2014*



# Agenda

1

Survey Context

2

TSP Satisfaction

3

Satisfaction with Services

4

Account Retention

5

Retirement Preparation and Planning

6

Key Points

# Survey Context

September – November 2013

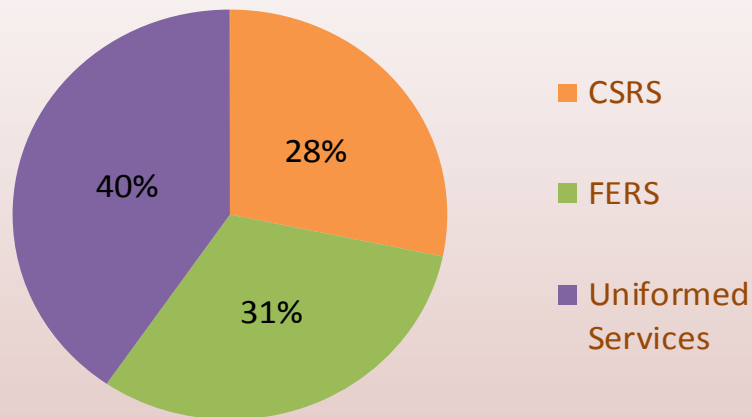
Survey Randomly Distributed to 46,733  
Participants by Mail

Two Survey Instruments – One for Active  
Participants, One for Separated Participants

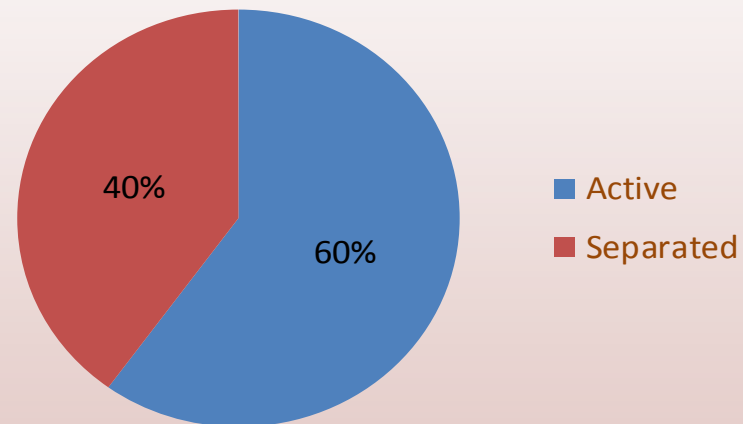
5,524 Respondents - 12% response rate is below  
15% rate in 2011 – 31% responded on-line; 69% via  
paper

# Survey Context: Respondent Profile

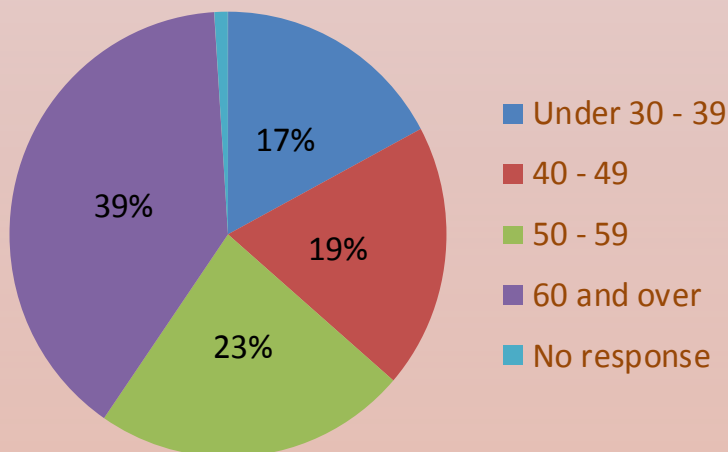
## By Retirement System



## Separated/Active

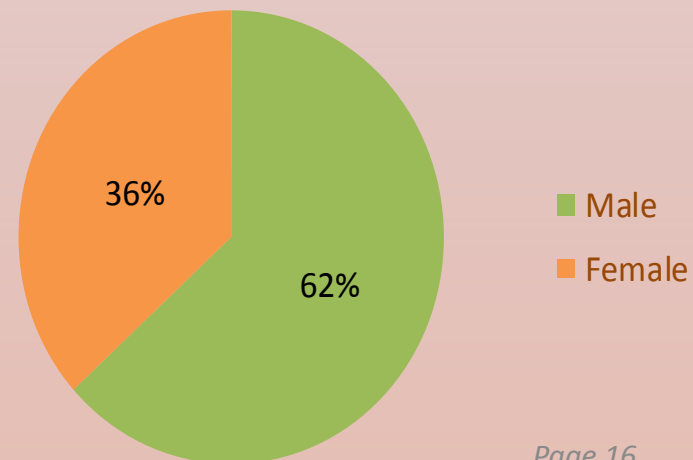


## Age



*Median Age 55.6 years*

## Gender

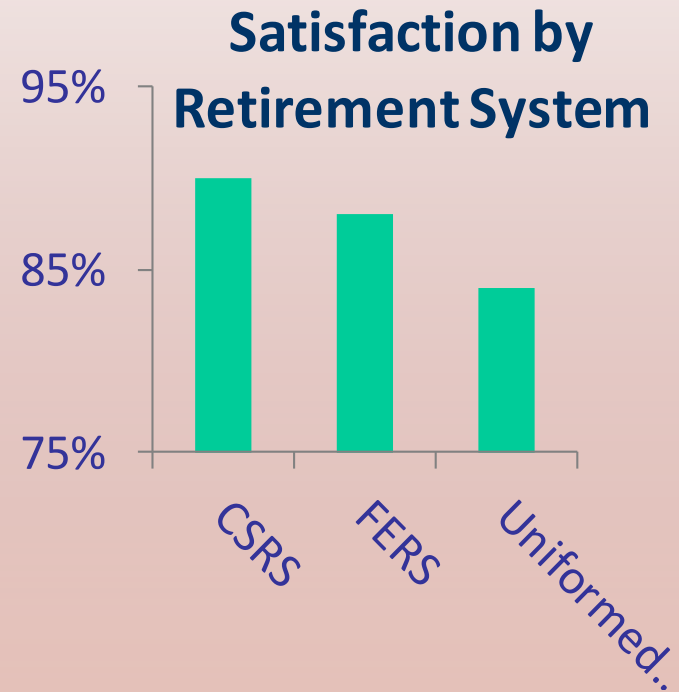




# TSP Satisfaction



**87% are satisfied with TSP**



# Participant Survey Comments

“TSP seems to be doing a great job adjusting to changing times and developing tools, investment options, and services beneficial to investors.” -

*Uniformed Services Participant*

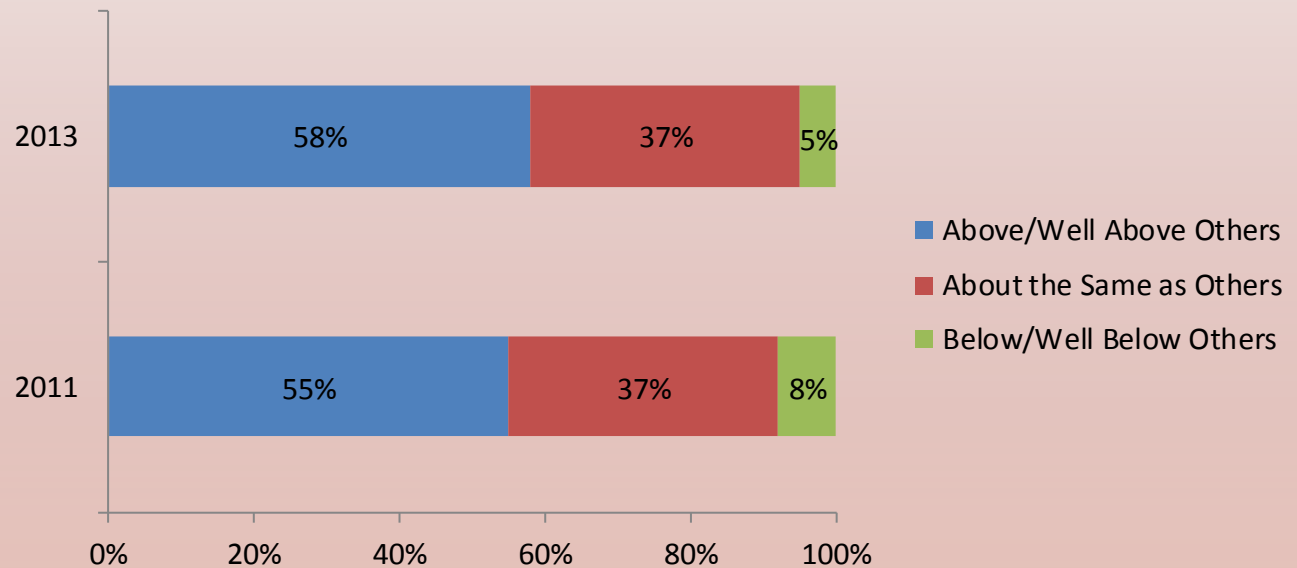
“I am totally satisfied with the TSP. I invest for **long-term** growth and the funds have done very well” -

*CSRS Participant*

“TSP is a great program but is ripe for improvement; look at Fidelity and USAA as a benchmark. Currently, TSP is so outdated it looks like some program from the 1970s” – *Uniformed Services Participant*

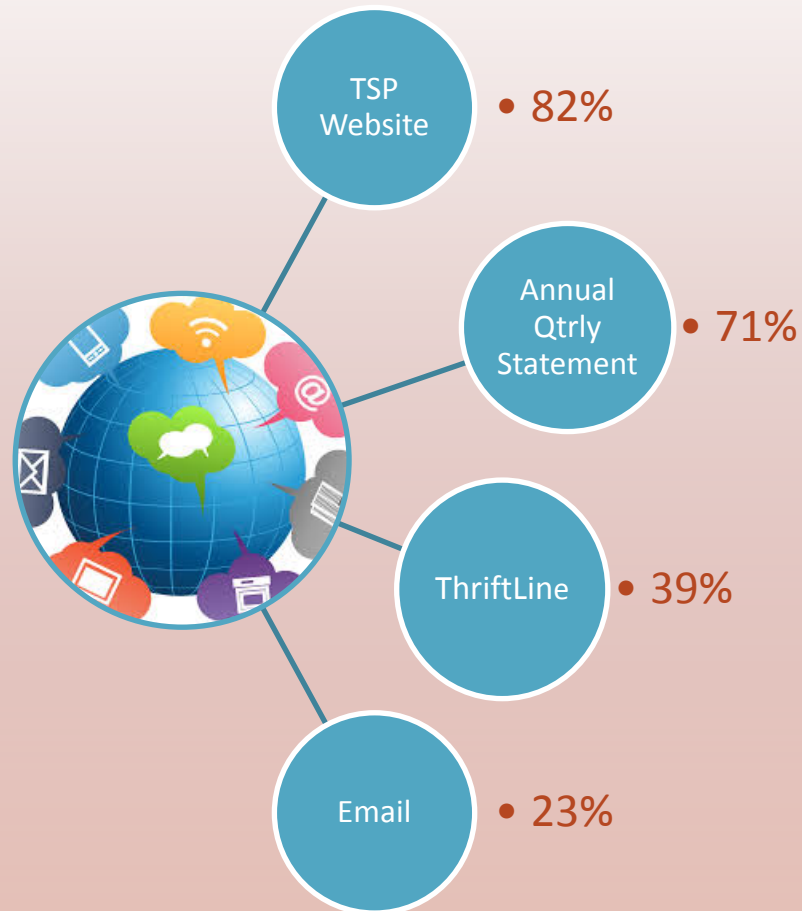
# TSP Satisfaction

- 58% perceived the TSP to be above or well above other retirement plans.
- This compares favorably to private sector plans where 28% say their plan is above or well above other plans.



# Satisfaction with Services: TSP Communication

## Preferred Method of Communication



# Satisfaction with Services: Annual Statement

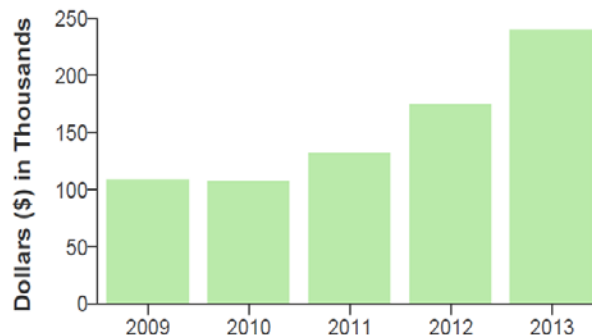


73% of separated participants indicated the monthly retirement income estimate on the annual statement was helpful. This compares quite favorably to a recent EBRI study which found 36% thought the estimate was helpful.

## How your account value changed in 2013

Value on January 1, 2013	\$174,042.94
Change in value this year	65,606.64
Value on December 31, 2013	\$239,649.58

## Your 5-Year Account Balance History



## Will you be ready for retirement?

Your 12/31/2013 account balance would provide you a lifetime TSP monthly amount of

**\$1,250\***

\*This estimate assumes:

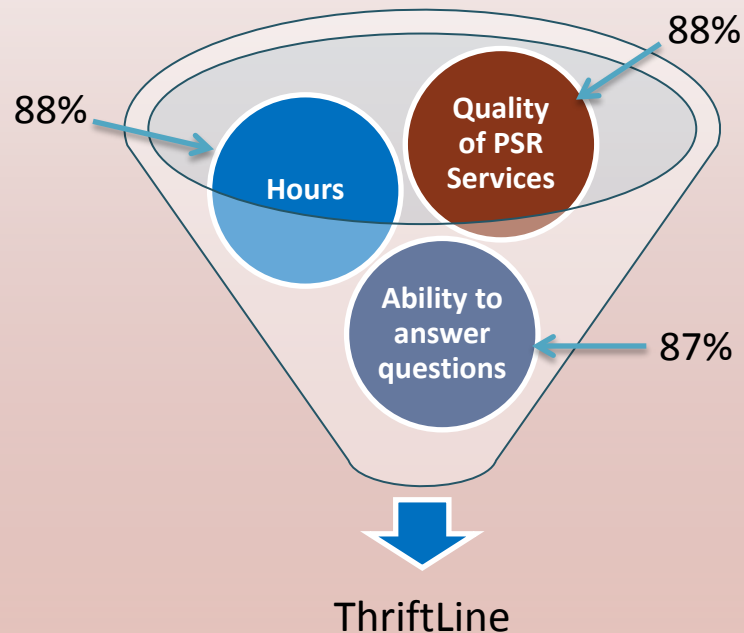
- Age 62, or your current age if you are older
- A single life annuity, with level payments and no additional features
- An annuity interest rate index of 2.750%

**Note:** The above annuity estimate is not a guarantee. You can use the Retirement Income Calculator on the TSP's website to learn more about your available annuity options.

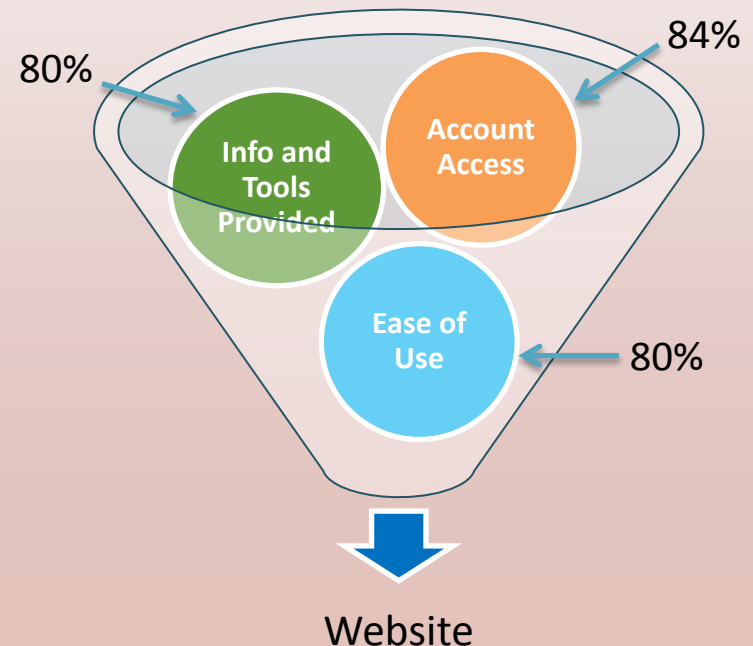
Think of the amount in your account as your source of monthly income in your retirement years rather than as a single sum of money. Use the How Much Will My Savings Grow? calculator on the TSP website to estimate how your account might grow over time if you increased your contributions. Don't forget — you can make traditional (pre-tax) and Roth (after-tax) contributions, have the opportunity to diversify your investments, make catch-up contributions if you are 50 or over, and enjoy the TSP's low administrative expenses compared to similar plans.

# Satisfaction with Services

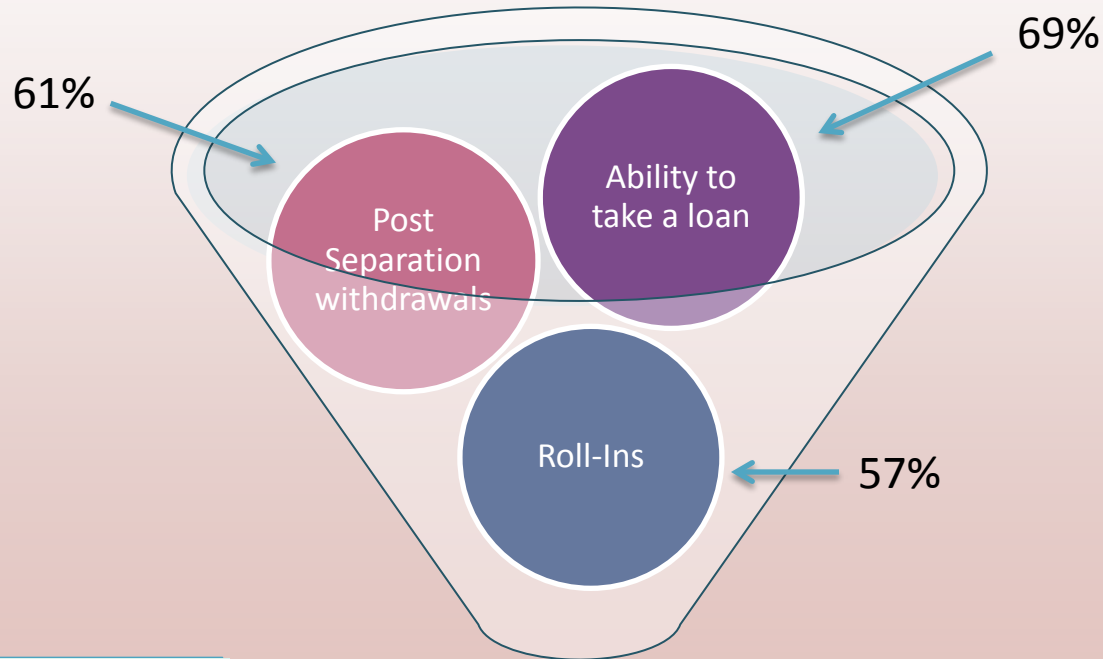
Participants are satisfied or very satisfied with the quality or service – 88%, up 3% from 2011



80% are satisfied or very satisfied with the website - consistent with 2011 results



# Satisfaction with Services



“Wish there were more flexible withdrawal options in retirement.” –  
*FERS Participant*



Administrative Services

# Participant Survey Comments

“I did not consolidate my commercial IRA account into TSP because I wanted the flexibility to withdraw money periodically rather than receiving periodic payments. I’m now over 70 ½ and receive minimum periodic payments. I’ve closed the other IRA - *FERS Participant*”

“The last time I checked into getting payments from my TSP, it seemed quite inflexible. Once started, if my situation changed it sounded like they could not be stopped. The application for getting new withdrawals was hard to understand”  
- *FERS Participant*

“More specific info on withdrawal options at retirement eligibility time/date” – *CSRS Participant*



# Desired Services

Guidance  
On Retirement  
Withdrawals

84%

Estimating  
Retirement  
Needs

77%

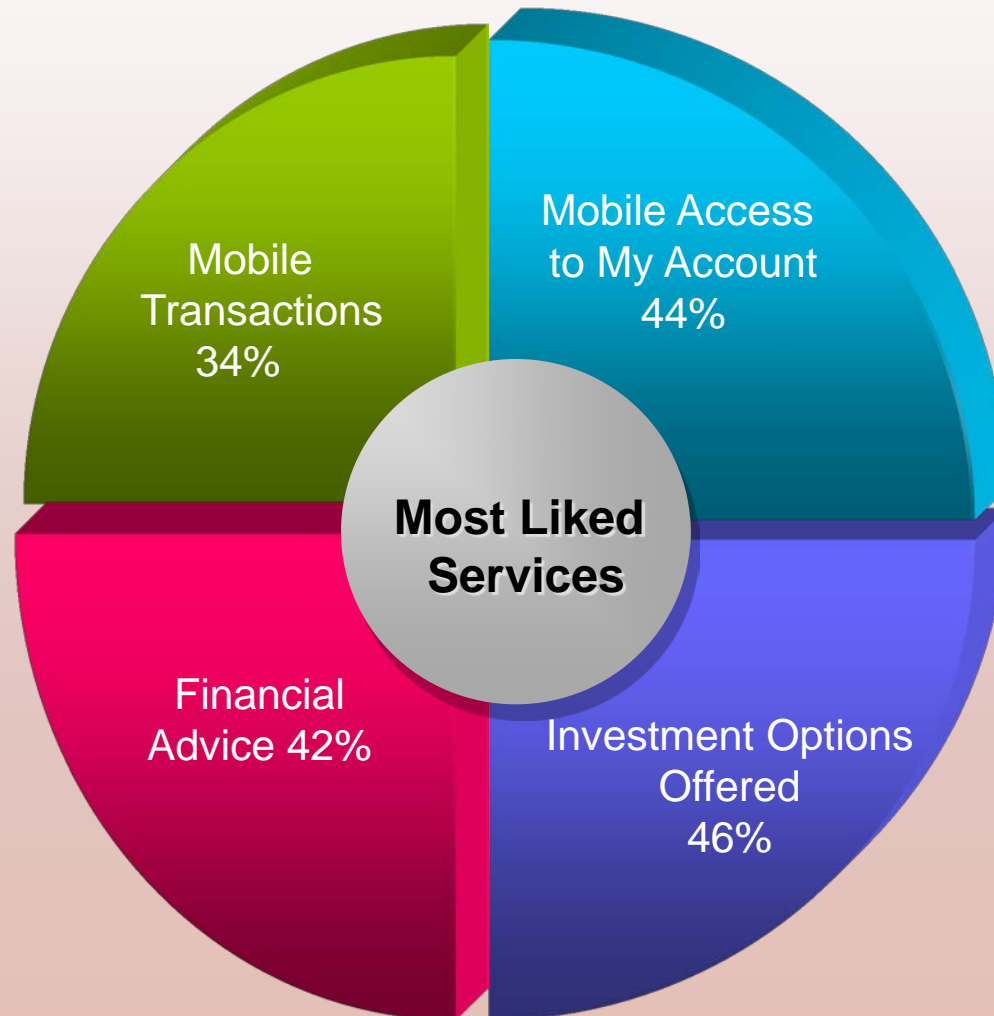
Planning Income  
From Multiple  
Sources

75%

Links to Other  
Information  
& Tools

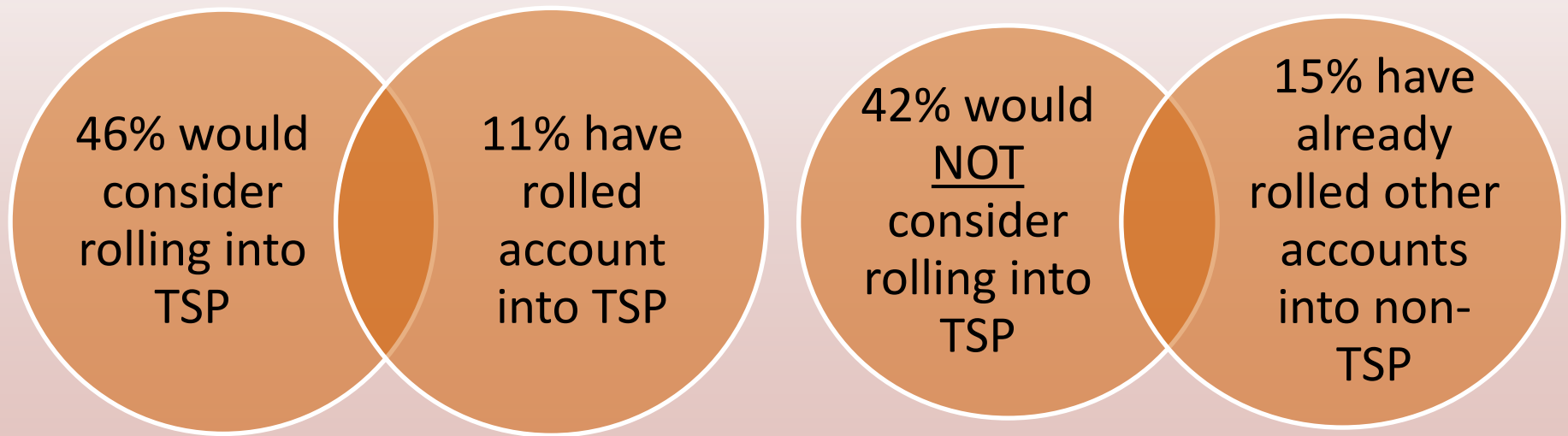
69%

# Satisfaction with Services: Financial Institutions Service Offerings



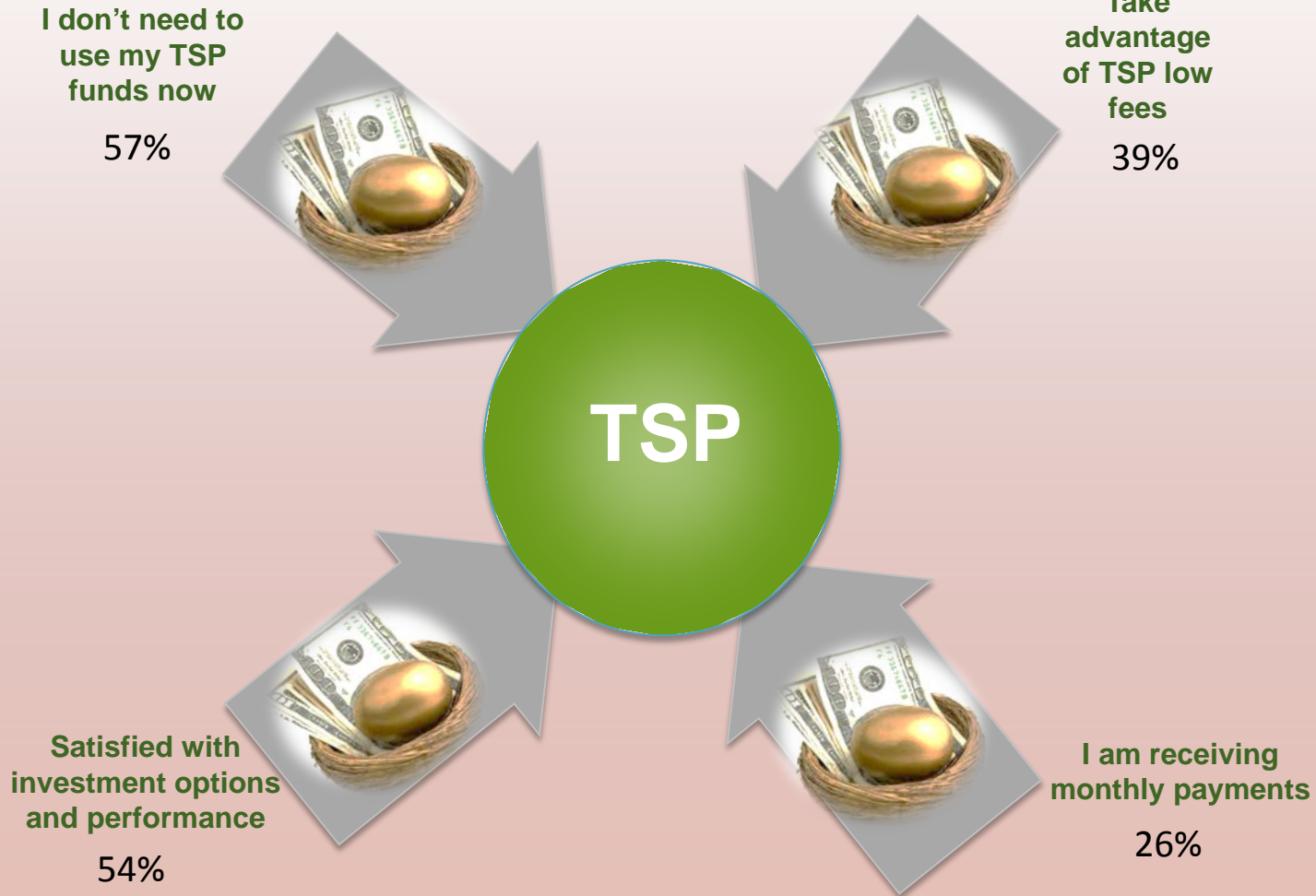
# Account Retention: Roll-in Decision

## *Active Participants*



# Account Retention: Reasons to Keep Money in TSP

## *Separated Participants*



# Account Retention: Roll-out Decision

## *Active/Separated Participants*

**I want to consolidate  
all retirement  
accounts**

Active = 42%  
Separated = 65%

**More or Better  
Investment  
Choices**

Active = 36%  
Separated = 33%

**TSP**

**More Flexible  
Withdrawal  
Options  
Available**

Active = 32%  
Separated = 22%

**Financial  
Advisory  
Services**

Active = 24%  
Separated = 21%

# Retirement Preparation and Planning: Participant Survey Comments

“Be cognizant of the large number of people who will retire within the next ten years and the services they would appreciate: total retirement planning/packaging that is web-based, user-friendly, and well-explained.” - *FERS Participant*

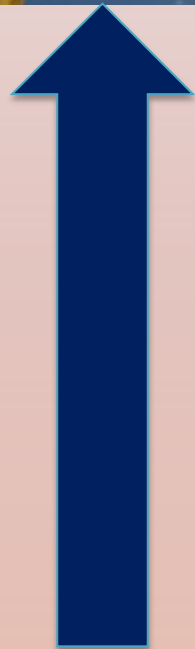
“I am retired and would like to be able to make withdrawals as needed from the TSP. I would prefer to leave my money in TSP and have made one withdrawal.” - *CSRS Participant*

“I would like to be able to leave my money in the TSP after I retire and continue to move it around as I feel necessary instead of being forced to withdraw it and invest it elsewhere.” - *FERS Participant*

# Retirement Preparation and Planning: Confidence



61%  
Confident



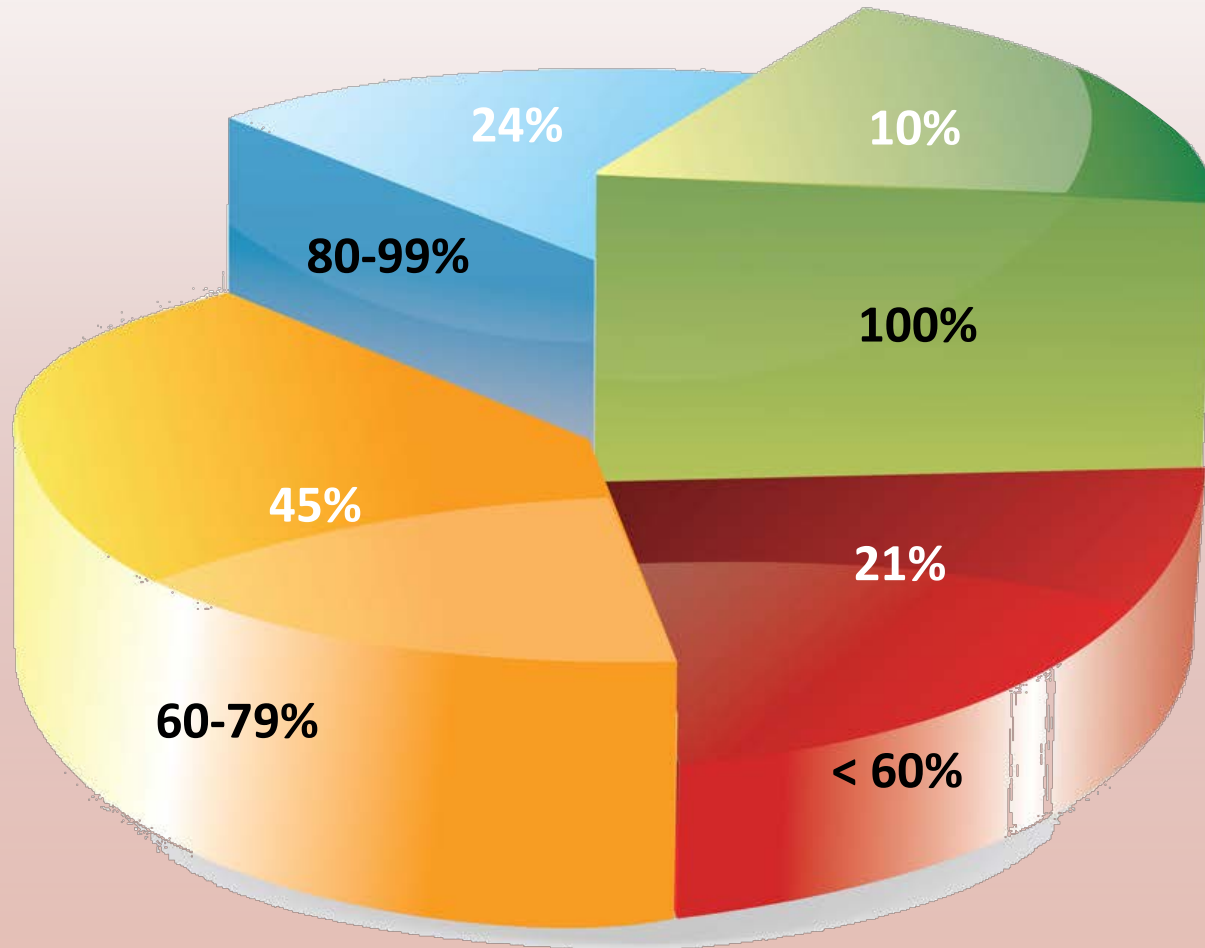
25%  
Not Sure



14%  
Not Confident



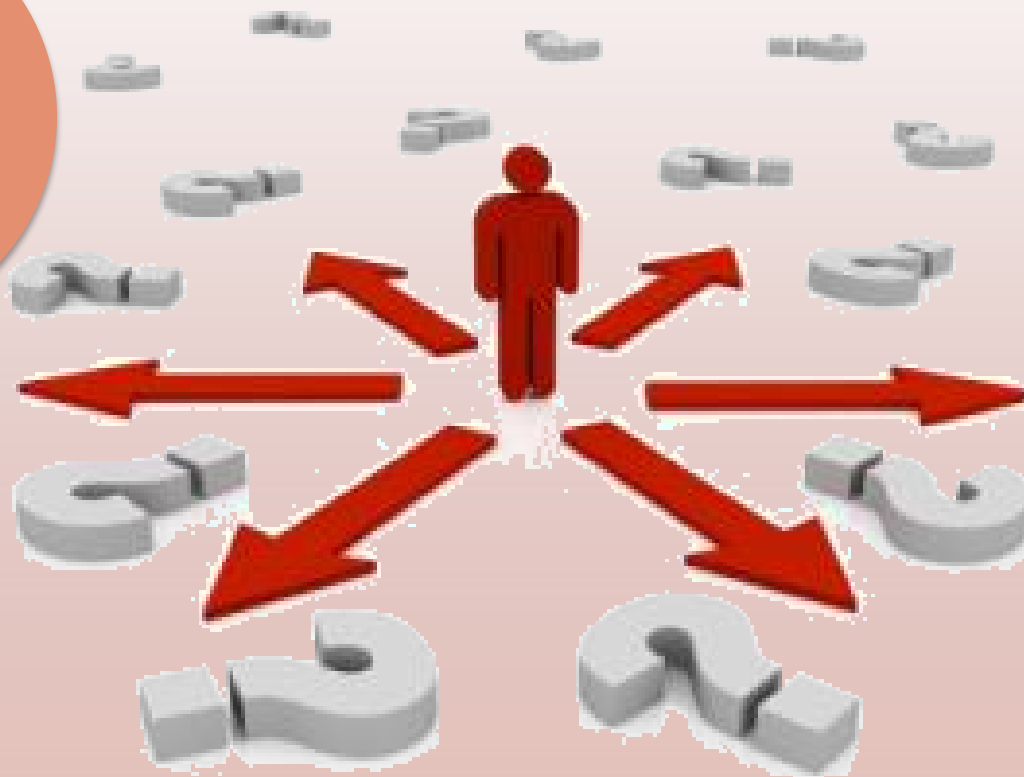
# Retirement Preparation and Planning: Pay Replacement





# Retirement Preparation and Planning

70% do not  
have a specific  
retirement  
savings goal



# Next Steps

- 1 Make it easier for participants to complete desired transactions
- 2 Withdrawal Options
- 3 Targeted communications – younger, lower income
- 4 Leverage social/electronic outlets
- 5 Consider guidance/advice
- 6 Incorporate survey findings and do further analysis to build participant experience

# Questions



# Office of Enterprise Planning

Strategy &  
Policy  
Development

**Mutual Fund Window Study**

Veronica Mance



# Mutual Fund Window Option



# Background

*The Board may authorize the addition of a mutual fund window under the Thrift Savings Plan . . . .*

Thrift Savings Plan Enhancement Act of 2009

# What is a Mutual Fund Window?



- A self-directed option that supplements a plan's core investment menu. The window gives participants access to a variety of additional mutual fund options.
- Individual stocks, bonds, or commodities are not available through a mutual fund window.

# Sources of Information

- National surveys
- Participant Survey
- Interviews with public and private sector plans
- Request for Information from industry
- Recordkeeper site visit



# Availability and Usage

- 12% -29% Plans
- 1% Participants
- 1% - 3% Assets

National  
Surveys



- \$500 - \$5,000  
Initial investment
- 10% - 50%  
Core Balance
- \$25 - \$50  
Annual Fee

Plan Interviews

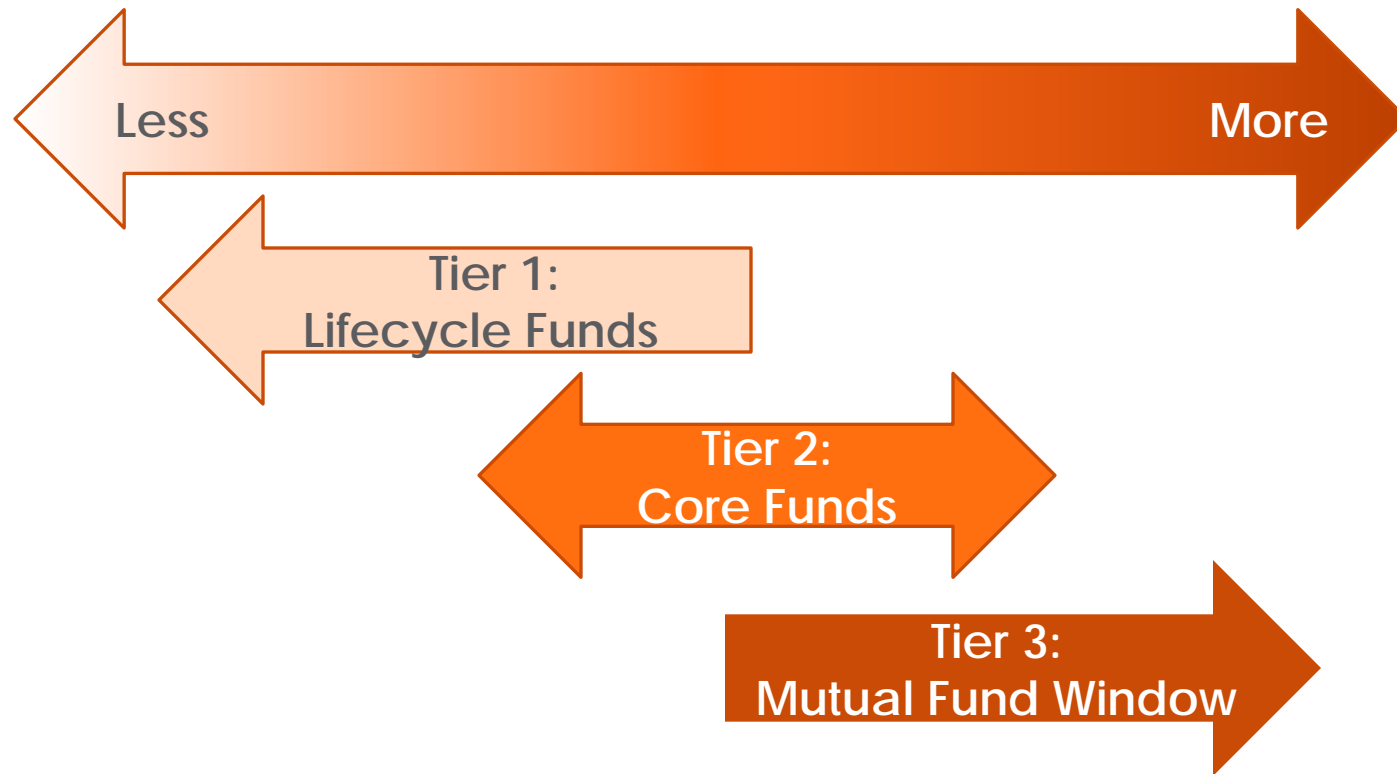


- Request for  
specific funds
- Educational  
materials
- Online  
investment tools

Recordkeeper  
Site Visit



# Participant Involvement In Managing Investments



# What We Know

- 36% of respondents to a recent survey indicate that the TSP would be a better program if it provided a MFW<sup>1</sup>
- 29% of respondents indicate they would transfer some portion of their balance to the MFW<sup>1</sup>
- 36% of active TSP participants have indicated they plan to transfer assets post-separation in order to access more, and/or better investment options<sup>2</sup>
- 45% of participants who separated employment in 2012 withdrew their entire account within the next<sub>3</sub> year. These withdrawals totaled \$10 billion in 2013<sup>3</sup>

---

<sup>1</sup> On-line mutual fund window survey, Dec 2013

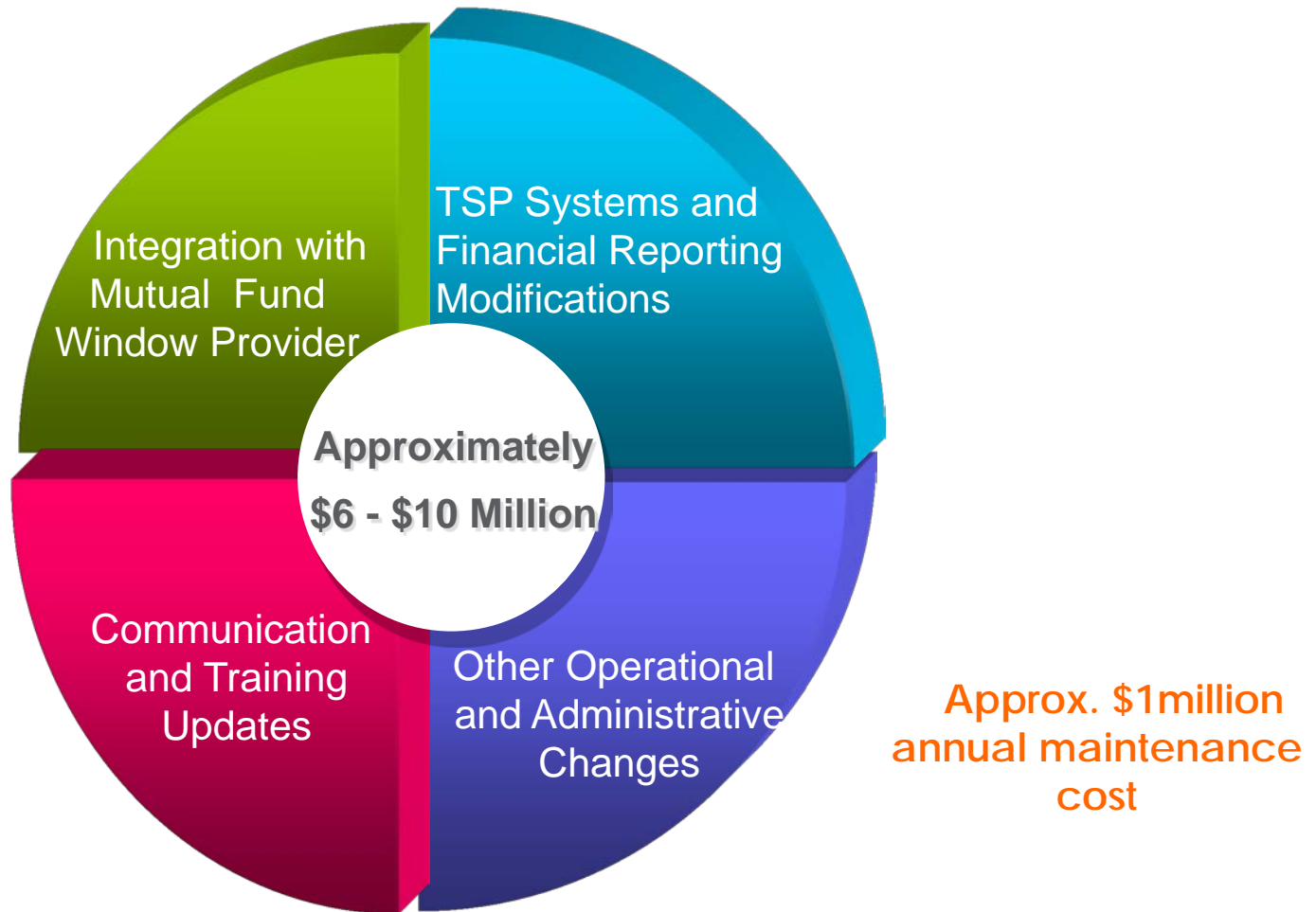
<sup>2</sup> 2013 TSP Participant Survey

<sup>3</sup> TSP recordkeeping data

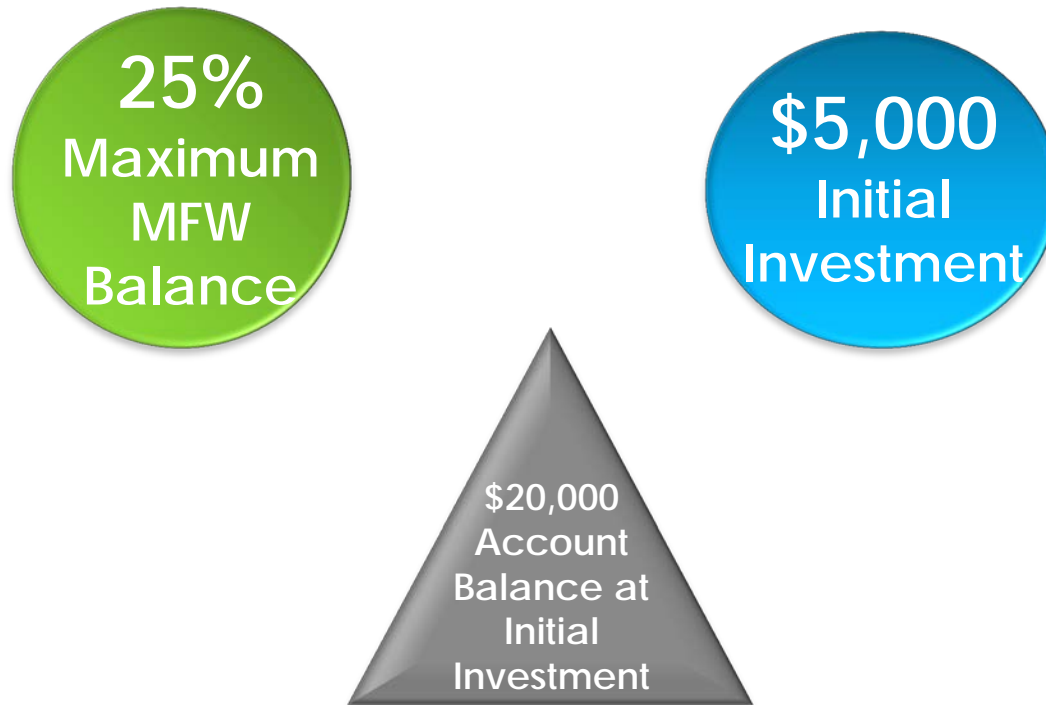
# What We Don't Know

- To what extent having a MFW will encourage the retention of assets post-separation
- A better understanding of the drivers and demographics of the population (45%) that withdraw their balances within one year of separation

# Implementation and Maintenance Costs



# Mutual Fund Window: How It Might Work in the TSP?



# MFW Costs

- “any expenses charged for use of the mutual fund window are borne solely by the participants who use such window”
- TSP operational expenses are shared equitably by all accounts

# Mutual Fund Window: How It Might Work in the TSP?

## Additional Participant Fees

- **Annual Access Fee** of \$50- \$100: Fee will recover the cost of implementation and maintenance
  - Annual access fee may be adjusted after implementation costs are recovered
- **Normal Plan Administrative Expenses** will apply to balances in the mutual fund window



# Mutual Fund Window: How It Might Work in the TSP?

## Possible Fund Screening

- No load funds
- No transaction fees
- Limit total expense ratio

# Considerations

## Pros

- Allows more choice
- Protects the simplicity of the core lineup
- Encourages asset retention
- May lower fees for all participants, as more assets are retained in the Plan
- Provides fund usage data for future core menu reviews

## Cons

- Adds Plan complexity to help a vocal minority
- Introduces higher cost investment options
- Increases the risk of poor investment decisions
- May confuse participants with investment choice

# What's Next?

- Conduct a survey of participants who recently withdrew from the Plan
- Study demographics of separated population that withdraws from the plan
- Assess the impact of proposed fund screens
- Make a recommendation to the Board in early fall 2014

# Questions

