



# Execution for the Now and Planning for the Later





# Annual Budget Presentation



## Fiscal Year 2016 Request Fiscal Year 2017 Estimate

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Executive Director  
and  
Susan Crowder  
Chief Financial Officer



# Agenda

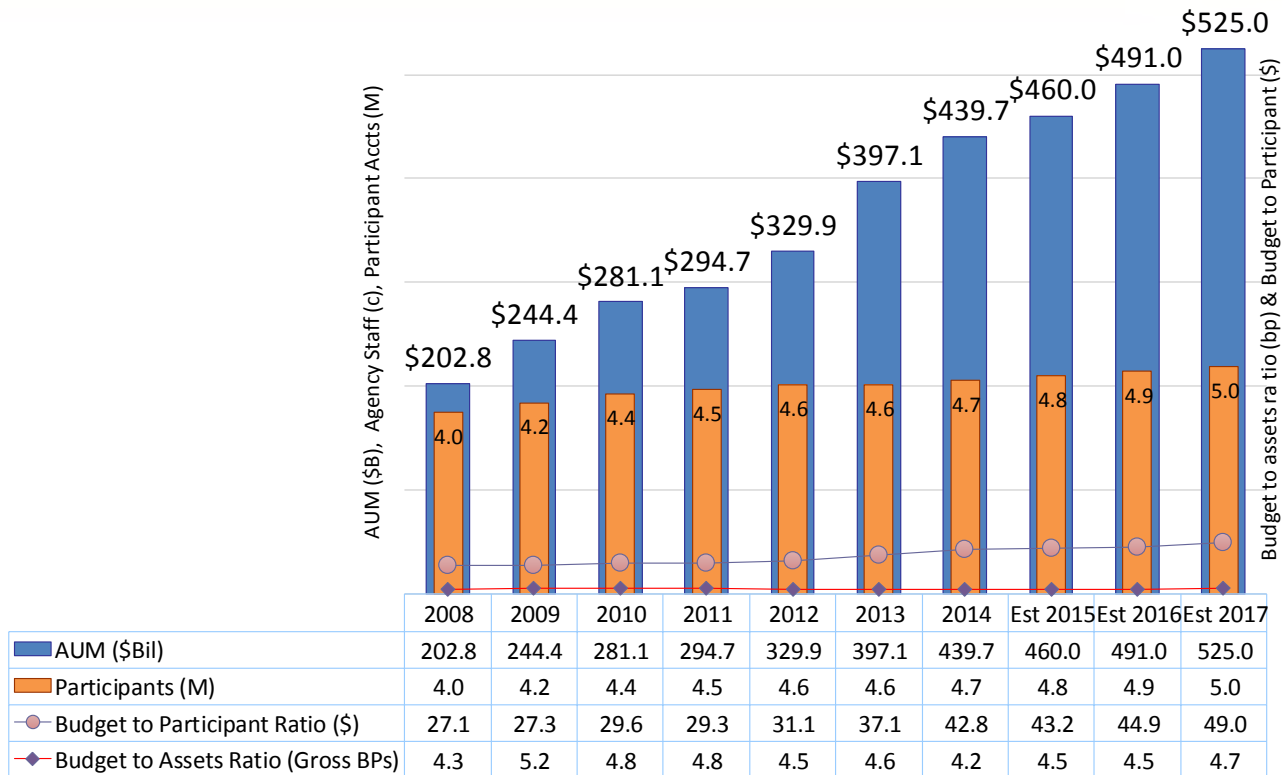


- TSP Plan Growth
- FY 2015 Review
- Budget Overview
- FY 2016 Budget Themes
- Budget Summary
- Strategic Plan “Preview”



# 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

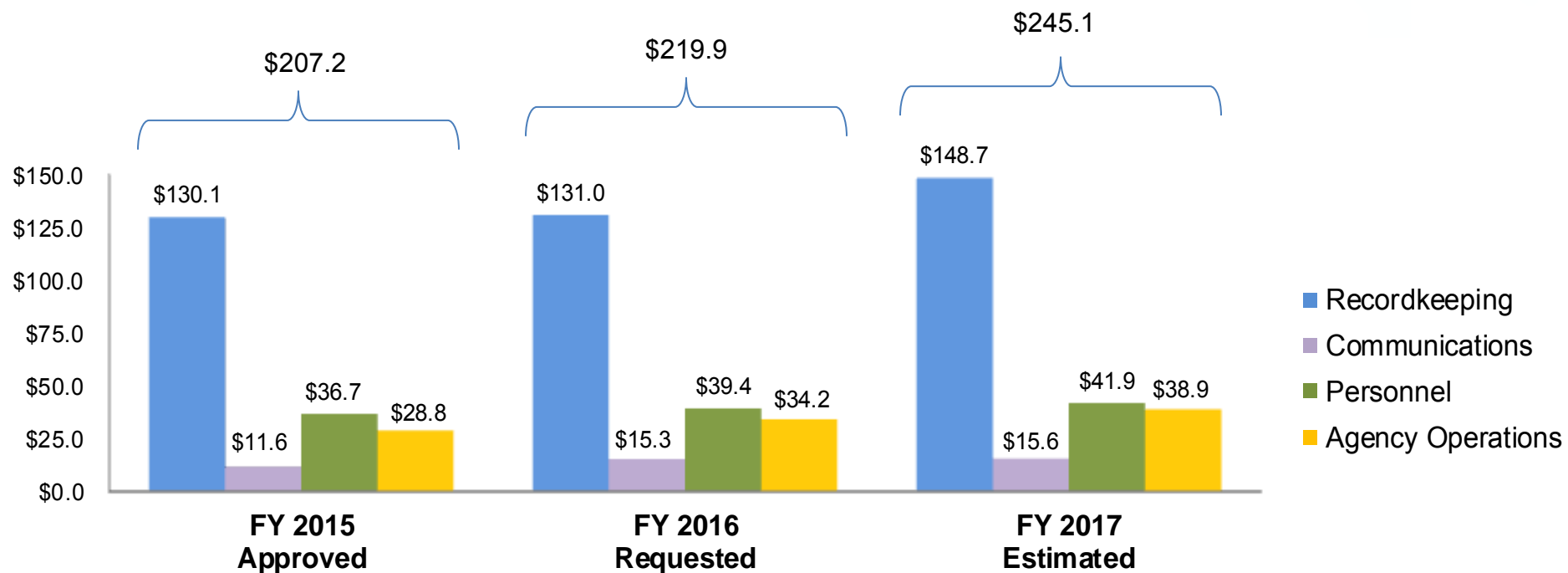


- FY 2015 budget of \$207.2 million allowed FRTIB to effectively perform TSP and Plan operations while advancing key projects and strategic initiatives
- Operational Highlights:
  - ✓ Record High participation rate of 88.3%
  - ✓ Service to 4.7 million participant and beneficiaries
    - 10,000 inquiries 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)

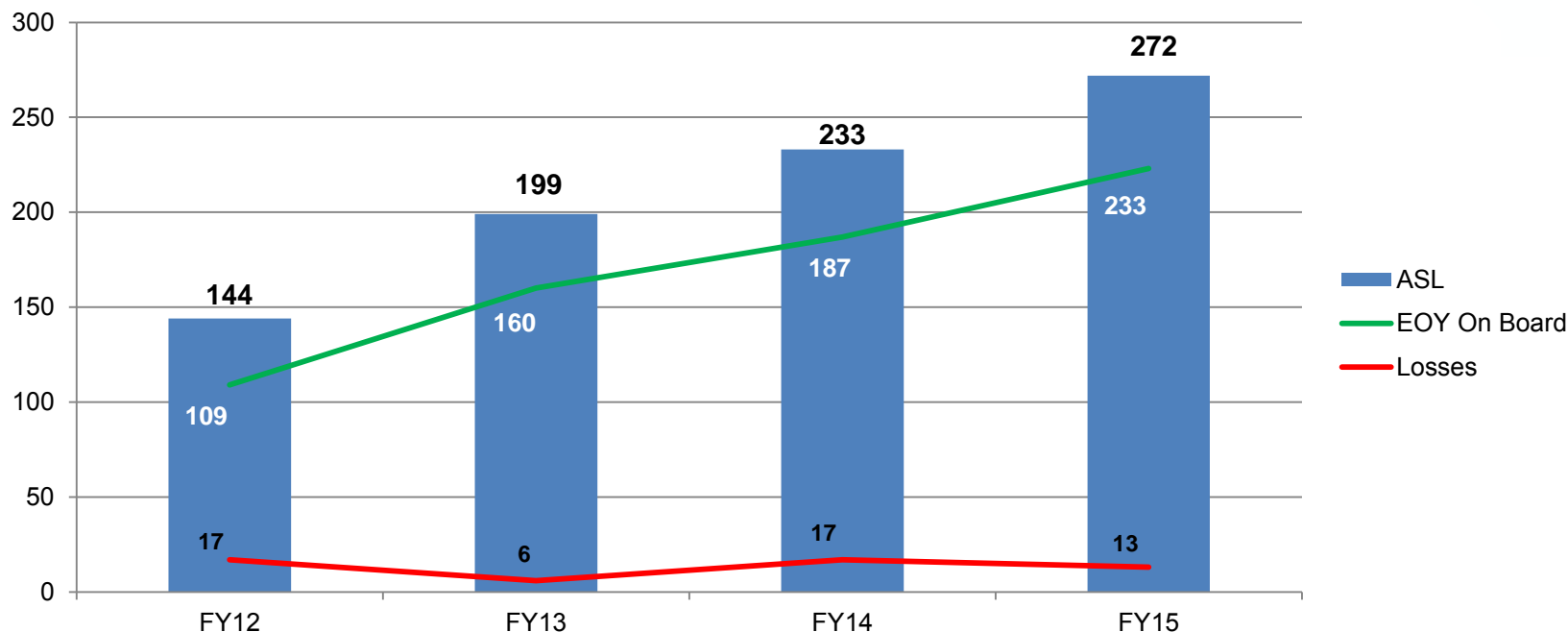




# Budget Overview Continued



## 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

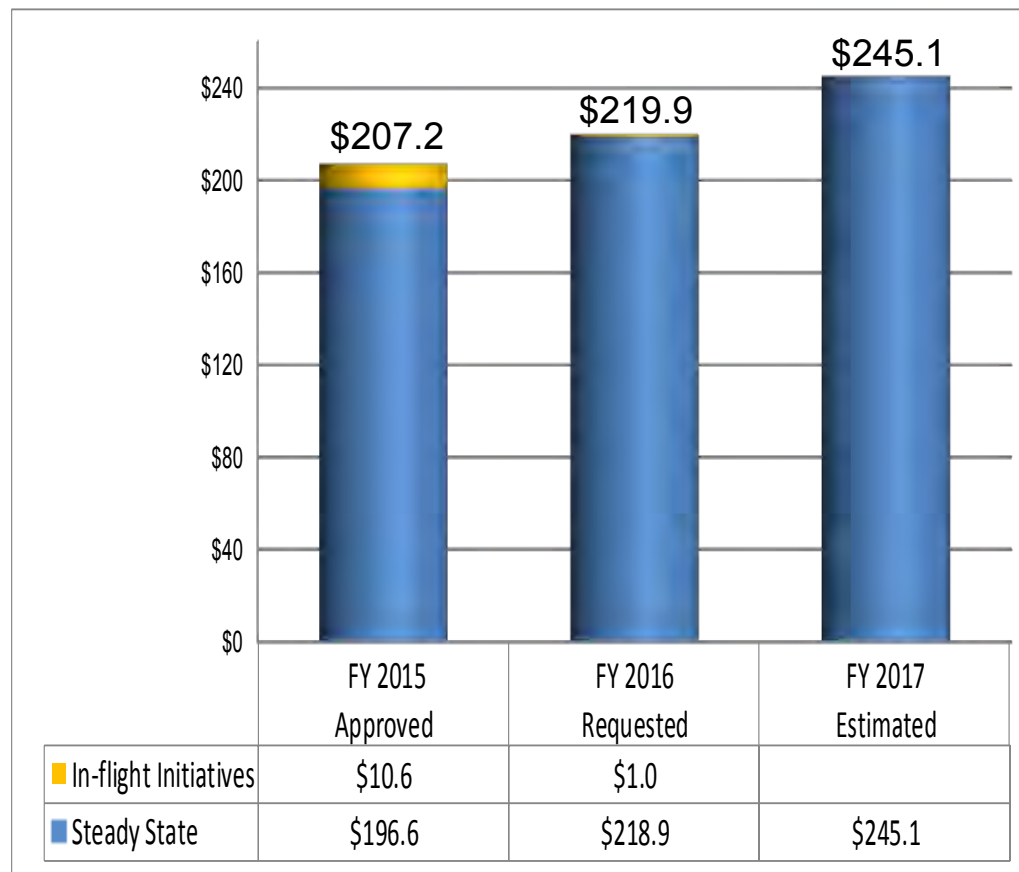
- Projected to close the year within 1% of \$207.2M allocation

## ➤ 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