



**THE STRATEGIC PLAN OF THE
INDIANA PUBLIC RETIREMENT SYSTEM
FOR FISCAL YEARS**

2021-2023



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INTRODUCTION



STRATEGIC PLANNING PROCESS

The Indiana Public Retirement System's (INPRS) 2021 – 2023 Strategic Plan reflects our commitment and focus on our members and our role in helping them realize and secure their retirement dreams. As in years past, the planning process focused on our evolving role as both the provider of well-funded Defined Benefit plans for public servants, but also a suite of Defined Contribution plans.

We began the development of the INPRS 2021 – 2023 Strategic Plan by recommitting to our vision and mission statements revised last year. Our executive team completed a series of workshops to analyze the organization's strengths, weaknesses, opportunities, and threats (SWOT). In addition, we reviewed industry benchmarking to drive strategic thought leadership discussions in planning for the future of INPRS and service to our member and employer stakeholders.

The recent economic events of 2020 challenged INPRS to be thoughtful in our strategic planning and embrace a culture of continuous improvement. Our strength lies in our ability to apply critical thinking and problem-solving skills to adopt our practices in new environments, and we are utilizing advanced technological solutions in our endeavor to be attentive to the needs of our members, employers, and an evolving workforce.

INPRS VISION

Engaged members able to realize their retirement dreams

The INPRS Vision is a forward-looking statement, creating a mental image of the ideal state we wish for our members. It is inspirational and aspirational and will lead the INPRS team to greater levels of service.

Our INPRS Vision maintains an organizational emphasis on member engagement and education. We do this while continuing our focus on being trusted to pay member benefits and fostering strong employer relationships. Our goal is to create a positive retirement experience for our members.

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INPRS MISSION

As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.

In support of our Vision Statement, our Mission Statement reflects a concise explanation of the INPRS's reason for existence, one which describes our purpose and overall intention in our role as a fiduciary. Additionally, our mission statement serves to communicate our purpose and direction to employees, members, employers, and other stakeholders.

In previous years, our Strategic Plan also included a set of Principles by which we made strategic decisions and completed our operational tasks. This year, the INPRS' executive staff decided to focus on our internal culture to develop critical core values for intentional culture transformation.

The INPRS Values Statement reflects the organization's beliefs about our staff, how we accomplish our work, and how we deliver services to our members and employers.

WHAT IS INPRS?

INPRS is a politically-independent, governmental, financial institution accountable to our members and citizens.

INPRS BELIEVES

People are the foundation of our success. It takes people with different backgrounds, ideas, and strengths to be successful.

Our people are...

- Models of Integrity - hold themselves accountable to the highest standards of ethical and professional behavior.
- Team Players – encourage and support others for the success of the team breaking down silos and connecting with our shared vision.
- Candid - believe in direct, respectful, and honest communication.
- Continuous Learners – eager to improve while having an open-mind to feedback and new ideas.
- Diligent – well-researched, risk aware, and transparent.

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Success is built upon...

- Trust - empowering our people to successfully fulfill their duties while providing them with training, support, and mentorship.
- Constructive Conflict - encouraging debate around ideas to arrive at the best solution.
- Commitment – dedicated to decisions and action plans.
- Accountability - setting clear expectations for people, roles, and teams and holding ourselves and each other accountable for results.

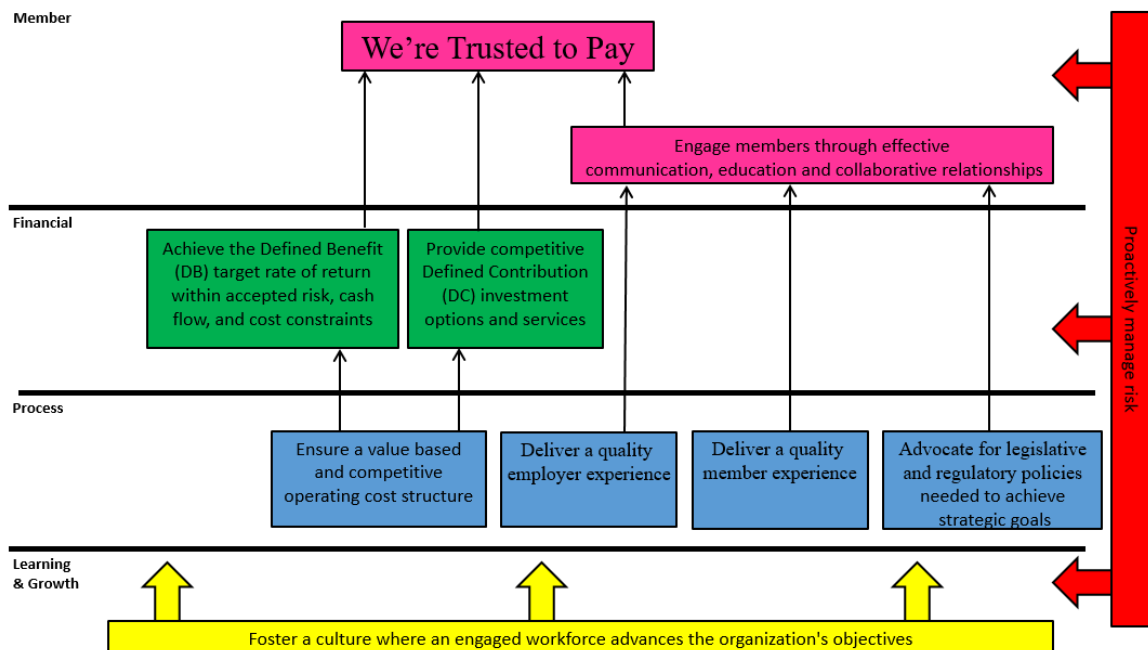
Balance in life is important. We strive to have a flexible and supportive environment while not sacrificing service to our members.

ENTERPRISE RISK MANAGEMENT

Enterprise risk management and sustainability continue to be important filters which we apply to check all of our strategies. Whether discussing cybersecurity, succession planning or evaluation of future trends, these filters guide our approach. They provide a primary perspective that links the nine strategic goals and are woven through the objectives and underlying initiatives in the business plan.

INPRS STRATEGY MAP

The INPRS Strategy Map is a pictorial representation of Strategic Goals outlined to achieve the INPRS vision and mission.



INTRODUCTION

ASSET MANAGEMENT

The INPRS investment team is responsible for the prudent investment and management of approximately \$36.4* billion in assets across both defined benefit (DB) plans and defined contribution (DC) plans.

Asset allocation is the most important determinant of long-term investment results and is expected to meet the target rates of return over a long period of time while minimizing risk. Given the importance of this decision, a formal asset liability study was initiated in Q1 of FY2020. The Chief Investment Officer (CIO) and investment staff, with the help of our consultants, strategic investment partners, and actuarial teams, have researched and analyzed key factors of asset allocation including expected long-term return, risk, correlations, liquidity constraints, and costs. Education from this research has been provided to the Board of Trustees, who ultimately determine the asset allocation and target rate of return for the defined benefit plan.

The CIO and lead consultant will present an asset allocation and target rate of return recommendation to the Board of Trustees in Q4 of FY2021.

CONTINUOUS IMPROVEMENT/OPERATIONAL EFFICIENCIES

Each year, the organization has collectively looked for areas in which we can improve organizational operations. We look at cost, risk, member and employer experience, quality, and employee effort.

Over the past year, we have focused heavily on understanding the needs of our members, employers, and employees. Looking at a variety of points of friction and inefficiency. We have analyzed several key processes (e.g., retirements, death, service purchases, etc.) and have found ways to incorporate technology that will, in the long-term:

1. reduce manual intervention;
2. increase the speed and accuracy of our processing;
3. decrease service time for members and employers;
4. reduce risk; and
5. personalize service to our customer base

For example, we are working on automating and targeting approximately 80% of retirements to be processed without any manual intervention.

We continue our analysis through FY2020, but we have already begun to build the required infrastructure to recognize the opportunities found, as mentioned above, going into FY2021.

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IMPROVING DATA QUALITY AND INTEGRITY

INPRS continues to maintain focus on managing data as an asset. This year, we allocated additional resources to this important activity. INPRS created a team of experts within the IT Division -- the Manager of Information Management, Lead Data Quality Analyst and Data Quality Analyst -- to maintain focus on our data assets. These dedicated resources work to improve our data quality and integrity to meet better the needs of our various internal and external stakeholders. Through this team, we will further develop our Information Management program and the underlying processes that validate, quantify and identify opportunities for improvements of our data assets and the timeliness and the content of critical data. Specifically, this year we completed work to improve our access to dates of death for members and for birth dates to improve our services. Internally, we continue our data integrity awareness campaign across the organization to ensure staff understand and support these efforts to improve our information and make data integrity a fundamental part of the entire organization.

VOICE OF THE CUSTOMER

This strategic plan reflects last year's commitment to implement a formal process to expand the gathering and use of Voice of the Customer (VOC) insights into the strategic plan.

For years, INPRS has utilized its VOC program to gain insights from members, employers, and other key stakeholders. We integrate VOC – our customers' input – as a standard process to improve organizational performance, defining key service levels that are most important to our members.

Moving beyond quantitative survey data, INPRS this year initiated online focus groups to allow stakeholders to inform the strategic planning process. The introduction of online focus groups provides INPRS a cost-effective way to receive direct input from customers throughout the state without the inconvenience of traveling from remote parts of the state to a central focus group location. The need for social isolation later in the fiscal year added greater importance to the online focus group option.

In addition, INPRS late in the fiscal year used VOC research to forecast pandemic-related changes in the number of retiring members, their demand for retirement counseling services, and preferences in the future for remote vs. face-to-face retirement counseling and workshops.

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WORKPLACE CULTURE

INPRS' vision, mission and values create a powerful framework for nurturing a workplace culture that supports members, employers, stakeholders and our employees. Together, these statements summarize INPRS's reason for being, our aspirations and how we will achieve them. Creating a positive, intentional culture will help improve engagement, workplace satisfaction, and overall quality. Workplace studies show that an organization's culture has the power to attract and retain talent and affect business outcomes. We believe that an investment in our employees and workplace culture will bring our vision and goals to life.

This year, INPRS embarked upon a journey to challenge each and every employee to self-reflect on what behaviors will construct a positive culture, create positive change and deliver improved services. Culture matters because INPRS people matter. We desire a culture environment where we can bring our best selves to work, and go home each night aware we had a chance to make a difference to each other and those we serve.

As in years past, our 2021–2023 strategic plan is designed with an eye toward the future, maintaining our funds' viability in perpetuity and securing the financial future of INPRS's members. This plan's goals and objectives set us on course to ensure we will continue to accomplish our mission for many years to come.



**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 1: Foster a culture where an engaged workforce advances the organization's objectives

Strategic Objectives

- A. Implement the organizational Values Statement and behaviors to drive the desired organizational and departmental cultures to attract and retain employees
- B. Implement a Human Resource Information system which will facilitate enhancing INPRS's talent acquisition strategy.
- C. Implement the refined Call Center Strategy to recruit, train and retain the desired personnel
- D. Develop and implement a continuous learning and leadership development program

Key Operational Requirements

- 1. Continuously assess staffing needs and complete recruiting of the required staff
- 2. Complete an annual employee survey and create action plans to ensure employee engagement
- 3. Review and refresh the succession plan and position risk assessment to address retention and developmental plans

Goal 2: Deliver a quality member experience

Strategic Objectives

- A. Enhance the new member plan enrollment process to differentiate between the DB and DC Plan requirements
- B. Refine the new member onboarding education processes with tools and information resulting in members making well-informed, intentional decisions regarding retirement plan selection
- C. Establish and maintain an excellent integrated digital user experience for INPRS members, employers and stakeholders
- D. Improve member call center satisfaction from 76% to 80%
- E. Process 100% of retirement, death and disability payments in no greater than 30 days
- F. Design and implement a process to ensure accurate information for MyChoice member accounts



GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

- G. Determine optimum pension disbursement and 1099 process and develop and implement business continuity plans with the current vendor
- H. Define and develop a comprehensive roadmap to support an efficient and quality member experience

Key Operational Requirements

- 1. a. Distribute timely and accurate payments to members
 - b. Monthly payroll
 - c. Weekly payroll
 - d. Retirements
 - d. Disability
 - e. Death
 - f. Defined Contribution Account"
- 2. Distribute accurate 1099-R documents by January 31 of every year

Goal 3: Engage members through effective communication, education and collaborative relationships

Strategic Objectives

- A. Enhance the VOYA myOrangeMoney retirement calculator to provide potential Defined Benefit income at selectable retirement ages
- B. Provide systematic withdrawals as a distribution option for INPRS DC plan participants.
- C. Launch an education initiative focused on building awareness of DC plan attributes and recent enhancements

Key Operational Requirements

- 1. Maintain ongoing Voice of Customer (VOC) surveys and research



GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

2. Provide required reports to the Legislature including the Pension Management Oversight (PMO) Committee
3. Maintain a formal process to incorporate stakeholder insights into the strategic plan
4. Continue to adapt and deliver a financial and investment education strategy to enhance member retirement readiness as measured by member engagement metrics

Goal 4: Deliver a quality employer experience

Strategic Objectives

- A. Increase employer satisfaction from 84% to 87%
- B. Assess the value proposition of increasing employer relationship management resources
- C. Define and develop a comprehensive roadmap to support an efficient and quality employer experience

Key Operational Requirements

1. Request pension relief information from employers
2. Provide annual contribution rate notification to employers
3. Track and report the timeliness of employer contributions
4. Track employers that are habitually late and request the Auditor of State to intercept funds from these employers
5. Annually obtain actuarial valuation reports for the defined benefit plans
6. Establish annual employer contribution rates at or above the actuarially determined contribution (ADC) rates
7. Perform an experience study of the defined benefit plans to update the actuarial assumptions, and review the actuarial methods for any necessary changes



GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

Goal 5: Achieve the Defined Benefit (DB) target rate of return within accepted risk, cash flow, and cost constraints

Strategic Objectives

- A. Determine the investment strategy by recommending an asset allocation and target rate of return for the Board's approval
- B. Evaluate the merits and considerations of managing a risk parity portfolio passively
- C. Develop a systematized process for analyzing and allocating active risk across all asset classes
- D. Determine the most appropriate exposure, and corresponding benchmark, to balance diversification, liquidity, and accessibility across public market asset classes
- E. Determine the best mix of passive exposure, long-only active exposure, and long-short active exposure to maximize returns across public market asset classes
- F. Determine whether direct real estate investing would enhance the returns of the portfolio and understand the resources necessary to execute on that strategy

Key Operational Requirements

1. Achieve the DB investment metrics
2. Complete the annual Investment Policy Statement (IPS) Review
3. Conduct an annual review of DB investment management fees, including benchmarking fees as compared to other public pension funds
4. Complete and assess a long-term liquidity analysis of the DB portfolio annually
5. Ensure the DB allocation to each asset class is within the Board-approved range
6. Assess the most productive mix of passive and active management across the DB portfolio
7. Monitor securities litigation and opportunistically participate in domestic and/ or international cases to maximize INPRS's loss recovery



**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 6: Provide competitive Defined Contribution (DC) investment options and services

Strategic Objectives

- A. Evaluate and benchmark stand-alone DC options offered to members
- B. Evaluate managed services provided by Voya as additional options for members

Key Operational Requirements

- 1. Achieve the DC investment metrics
- 2. Conduct an annual review of DC investment management fees, including benchmarking fees as compared to other public pension funds
- 3. Perform an annual review of DC investment options, including glide path (asset allocation) assumptions for the target date funds
- 4. Assess the most productive mix of passive and active management across the DC investment options
- 5. Complete quarterly reviews of the external annuity provider's performance, claims paying ability, creditworthiness, and fees charged
- 6. Conduct periodic meetings with business partners to benchmark our DC options and services
- 7. Set and communicate the DC administration fee

Goal 7: Ensure a value based and competitive operating cost structure

Strategic Objectives

- A. Improve INPRS' key business process maturity levels to reach established targets
- B. Evaluate the need for a more formal Organizational Change Management framework
- C. Establish a governance model for historical data retention across the organization and design to implement the technological solution to support the document retention schedule
- D. Improve benefit payment efficiencies by maximizing electronic payments and offering stored value card as an alternative
- E. Evaluate and recommend a custodian provider for INPRS' Board approval



GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

- F. Assess and implement new approaches and technologies to improve operational efficiencies removing manual steps and improving auditability
- G. Improve controls, efficiency and effectiveness of RMBA processes and OPEB reporting

Key Operational Requirements

1. Maintain a strategic plan on a three-year time horizon to be updated annually (SWOT, Strategy Map, Strategic Plan)
2. Participate in the annual Cost Effectiveness Measurement (CEM) surveys (Administration Cost, DB Performance and Fee Structure, and DC Performance and Fee Structure). Coordinate all survey responses and follow the improvement process to develop and implement an INPRS cost and service improvement plan
3. Maintain a Balanced Scorecard that contains a comprehensive set of measures for senior executives to assess INPRS progress towards meeting its strategic goals. Reevaluate all measures and target performance levels on an annual basis (end of fiscal year)
4. Establish an operating budget to be approved by the Board no later than June 30 of each year
5. Report financial performance to the budget at every Board meeting
6. Determine appropriate Board education and implement annually
7. Provide consistent guidelines and processes that define the creation, review, approval, distribution, tracking and updating of policies and procedures used by INPRS
8. Conduct performance reviews with business owners of vendors to ensure that key vendors are providing services according to expectations outlined in the contract
9. Complete an annual benchmarking assessment to be utilized in the strategic planning process
10. Conduct ongoing continuous improvement training to Improve operational efficiencies across INPRS by fostering a culture of continuous improvement



**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 8: Proactively manage risk

Strategic Objectives

- A. Develop a Data Analytic program to enhance internal audit coverage
- B. Provide improved visibility into effective condition of INPRS data assets by evaluating and implementing cost effective data integrity tools

Key Operational Requirements

- 1. Obtain an annual unmodified opinion from the external auditor
- 2. Publish the INPRS CAFR annually by December month end and obtain the Government Finance Officers Association (GFOA) certification
- 3. Annually publish audited Government Accounting Standards Board (GASB) #68 related schedules for employers
- 4. As issued, determine if new GASB pronouncements have an impact on INPRS
- 5. Ensure that any audit findings or control issues identified in the annual external audit have action plans developed to correct the deficiency or material weakness within 30 days after the close of the audit
- 6. Complete a risk assessment of the strategic plan, prioritize risks, and development improvement plans for all risks above the approved thresholds
- 7. Ensure member, employer and staff security by performing IT security access control audits
- 8. Hold an IT disaster recovery test to validate capabilities for timely recovery of application systems
- 9. Complete a risk assessment of the organization and develop an annual audit plan
- 10. Monitor the compliance matrix for the Investment Policy Statement (IPS)
- 11. Complete the biennial review of Board governance documents
- 12. Enhance the comprehensive INPRS compliance program to ensure compliance with all federal and state requirements
- 13. Maintain and improve information security through execution of the information security program



GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

14. Conduct business continuity and disaster recovery (BCDR) tabletop exercise to ensure all critical processes are operating in accordance with the Business Continuity Plan (BCP)
15. Annually, provide actuarial review and OPEB reporting for the SOI OPEB plans (SPD, ISP, EG&C, Legislators)
16. Maintain and improve the INPRS' Enterprise Risk Management program

Goal 9: Advocate for legislative and regulatory policies needed to achieve strategic goals

Strategic Objectives

- A. Refine the enacted 77 Fund Disability Determination Process
- B. Evaluate DC distribution options upon employee separation
- C. Evaluate and streamline the service purchase calculations and process for all funds
- D. Implement the Governor and Surviving Spouse Plan
- E. Evaluate and recommend legislative changes to MyChoice plans to align with market standard processes

Key Operational Requirements

1. Conduct a review of Indiana Code for changes needed to achieve INPRS' mission and strategic goals at least annually in advance of the Pension Management Oversight (PMO) Committee annual meetings
2. Provide all reports as required by Indiana Code to the Administrative and Legislative branches of Indiana State government
3. Complete a monthly review of the nature of member benefit appeals and complaints to assess the need for change to existing code, policies, processes and procedures
4. Respond to requests from the Legislative Services Agency (LSA) within timeframes mutually agreed upon between INPRS and LSA to enable appropriate review and response
5. Provide financial and actuarial support during the legislative sessions to INPRS staff for legislators and LSA