



2014-16 WRS Strategic Plan

(Detailed Version)

Mission

Providing expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs

Vision

Partnering to build financial security for members and their families

Values

The Wyoming Retirement System has four values which serve as a code of conduct for its employees:

- Integrity
- Accountability
- Commitment
- Excellence

Overall Goals

1. Retain quality staff and leadership
2. Continue to improve risk-adjusted investment performance
3. Enhance further credibility and influence with Executive branch, legislature and Wyoming constituents
4. Ensure consistent and accurate benefit administration and recordkeeping
5. Identify and manage WRS and the investment program in an enterprise risk aware approach

GOAL #1 Retain quality staff and leadership

A. Sustain and enhance Board quality and engagement

1. Develop a Board prospect list, keep it current on an ongoing basis, engage Board members in the development of the list and prospecting, and be prepared to share with Governor's Office when needed
 - a) Keep as a regular agenda item on November Board meetings
2. Let Governor's Office know in advance of Board members' desires regarding reappointment
 - a) Contact from individual Board members
 - b) Letter to Governor from Board Chair and/or Executive Director on behalf of all Board members with terms expiring
 - c) Meetings, at least annually, with the Governor's Office, Board Chair and Executive Director to express Board members' desires for reappointment and discuss any ongoing issues
3. Develop a complete Board orientation program, including mentoring from experienced Board members, sessions with senior staff, investments and actuarial issues supported the general consultant and actuary as deemed necessary.
 - a) Orientation packet for new members to include welcome letter, Board meeting schedule, website link and instructions, contact information sheet, Board Policy Manual and educational opportunities
 - b) Presentation by Executive Director and senior staff at earliest opportunity regarding relevant information about the pension system, its administration and operations. Include fiduciary training by General Counsel
 - c) Create a summary document showing historical plan changes, to include actuarial, asset allocation, RAIN, the Board Governance model and benefit changes. Provide to Board and other interested parties.
 - d) Develop a position statement for the Board regarding the importance of the defined benefit plan. Assign a staff member to keep current on news articles, reports and social media, and provide regular updates to the Board.

B. Preserve and protect gains in WRS governance structure

1. Annually review governance policies and update as needed
2. Conduct an annual Board self-evaluation

3. Strategic plan update / planning retreat every other year
 4. Strategic planning update to Board as part of Executive Director's quarterly report
- C. Effectively address investment resources and complexity
1. Evaluate performance-based compensation, targeted staff, structure (both staffing and organizational model), and criteria.
 2. Develop an understanding of best practices across other systems
 3. Review, modify and perfect the investment program
 - a) Effectively address resources needed for an effective program and staff.
 - b) Look at different investment programs / structures that may serve the state better given increased complexity of the portfolio
 4. Develop programs to better educate legislature about WRS' investment program
 - a) Explore partnering with Treasurer's Office on annual investment conference for Board members and legislators focusing on issues common to both funds.
 - b) Schedule meetings around the state with ED, CIO and Board to discuss the investment program with constituents and legislators
 - c) Have CIO participate in investment-related presentations to JAC
- D. Succession planning
1. Executive Director
 - a) Develop senior staff members to assume overall management responsibility in the short-term absence of the Executive Director
 - b) Provide cross-training and educational opportunities for senior staff to encompass all areas of WRS operations
 - c) Provide opportunities for senior staff to interact with and testify before the legislature
 - d) Ensure adequate depth of knowledge and experience on the senior management team so that more than one individual is capable of filling in for the Executive Director if needed.
 2. Address staff turnover and its impact on WRS credibility
 3. For the legislative liaison (Board member experienced in testifying before the legislature)

- E. Evaluate ways to promote and enhance a positive working environment for staff
 - 1. At least every other year plan a Board / staff social function or teambuilding event to enhance relations between the two groups
 - 2. Develop a non-monetary staff recognition program
- F. Explore more comprehensive budget autonomy, so that the Board can more effectively fulfill its fiduciary duty to the System's membership

GOAL #2 - Continue to improve risk-adjusted investment performance

- A. Investment returns and risk profiles – develop appropriate comparisons and continuously monitor
 - 1. Benchmark relative - change benchmarks to improve the fit for all asset classes
 - 2. Absolute returns (relative to actuarially required returns)
 - a) Position the portfolio to produce higher absolute returns by reducing fixed income exposure
 - b) Target rolling returns above ARR for full market cycles
 - 3. Peer comparisons
 - a) Potential sources of comparison:
 - I. NEPC universe of pensions (~50) - Most likely
 - II. RVK semiannual survey of public pension plans - Informational only
 - III. TUCs Universe with new custody bank - informational only
- B. Staffing issues
 - 1. Develop proposal for expansion of investment staff
 - a) Evaluate political feasibility of adding more junior staff for additional monitoring and freeing up senior professionals' time
 - I. Continue developing relationships with members of the legislature so they better understand our program objectives.
 - b) Evaluate other methods to support bandwidth of coverage outside of staff (consultants, fund-of-funds, etc.)
 - I. Search for marketable alternatives, private real assets and PE consultants which will all serve as staff extension.
 - II. Explore the fund-of-one concept for specialty consultants to more appropriately allocate the costs of such expertise to specific asset

categories

- c) Evaluate best practices at other institutions (large public funds, foundations, endowments, corporate, etc.)
 - I. Evaluate external management fees, cost of administration, staffing levels and their relationship to returns
 - a. Formally and informally survey other pension plans.
 - b. Use data and information from consultants.
 - c. Continually evaluate areas of focus
 - 2. Develop an incentive compensation program – staff targeted, structure, criteria
 - a) Contact other pensions to gather data on incentive programs
 - b) Work with WRS general counsel to evaluate any potential legal issues related to incentive compensation
 - c) Develop a formula in conjunction with the Board.
 - d) Evaluate public plan sponsor peers and best practices
 - e) Evaluate studies prepared by compensation consultants
 - f) Anecdotal experience with cost of retention vs weak performance
 - g) If appropriate, discuss program with Governor's office and JAC
 - 3. Develop an effective internship program to promote hiring of Wyoming graduates
 - a) Continue the internship program next year; the first year of the intern program was very successful.
 - b) Meet with the dean of business and professors at Wyoming Universities to discuss the program and to try to place students with our managers.
 - c) Present to UW classes on finance industry and career strategies to engage students.
 - 4. Create career development plans for investment staff to continually improve the quality and continuity of the WRS investment program.
- C. Enhance reputation in institutional investment community
- 1. Accept speaking and networking opportunities at industry conferences (Board, ED, CIO)
 - a) Staff focus - Attend NASIO, NASRA, Western States Conference, NASIP, NCPERS
 - b) Board Focus - NCPERS, Western States Conference, Institutional Investor conferences
 - 2. Publish or contribute to articles in industry publications

- D. Improve operating flexibility (currently a 2-year process with budgetary approval from the legislature)
 - 1. Evaluate other success stories (e.g.: WCDA)
 - a) Talk to States of NV/MI/SD/OR and Wake Forest
 - b) Contact WY budget division to determine which other agencies have budget autonomy.
 - c) Talk to other state agencies with at least partial budget autonomy (Game & Fish)
 - 2. Evaluate seeking a small but meaningful legislatively approved contingency reserve for each budget year, expenditures at the discretion of the Board and ED with each use fully documented.
 - a) Board Chair and Executive Director will discuss with the Governor's Office
 - b) Discuss concept with members of the JAC and other legislators
- E. Explore more comprehensive budget autonomy, so that the Board can more effectively fulfill fiduciary duty to the System's membership
 - 1. Document specific instances where budgetary limitations have caused WRS to spend more than necessary to accomplish its objectives (ie: fund-of funds rather than a consultant and staff)
 - 2. Discuss (with the JAC) budgetary authority for the Board to make decisions between regular budgets and report budget amendments back to the Budget Division and the JAC
 - 3. Determine if service level improvements are measurable
 - 4. Understand operational requirements
- F. Develop a high quality private equity program
 - 1. Select a consultant/manager by October/November 2014
 - 2. Complete legal documents
 - 3. Fund initial commitment before year end 2014
 - 4. Initiate private equity manager relationships as commitments are made
 - 5. Attend general private equity conferences
 - 6. Participate in ILPA meetings and conferences
- G. Retain and enhance expertise in all other asset classes
 - 1. Initiate and develop professional networks, through NASRA, NASIO, NASIP and others

2. Pursue professional education: ILPA, CFA, CAIA, FRM
3. Assign an analyst to each senior investment officer to increase the stability of the team and develop bench strength

H. Re-bid consulting services

1. Hedge fund, private equity and deferred comp in 2014
2. General consulting in 2015 or 2016
3. Develop a regular evaluation process for consultants
4. Develop a schedule for future contract renewals or issuance of RFPs

I. Evaluate how to best simplify 457 investment menu for plan participants

GOAL #3 - Enhance further credibility and influence with Executive branch, legislature and Wyoming constituents

A. Develop legislative liaison program and transition plan

1. Understand the process; engagement when appropriate
2. Get Board Chair, Committee Chairs and executive staff experienced in testifying
3. Ensure effective committee (JAC) communication
4. Consider a regular, highly concise quarterly report to the JAC with a standardized format.
5. Executive Director will be primary legislative interface going forward; Board Chair to attend meetings when possible

B. Board Chair and ED to continue regular communications with Governor's Office and develop understanding of Governor's priorities. Seek greater participation from Governor's Office in Board meetings

C. Develop a communication plan that includes regular communications with members and other stakeholders

1. Maintain and expand communications materials for policy makers and stakeholders
2. Enhance member communications to engage younger members and equip late career members to make appropriate decisions regarding saving and retirement
3. Conduct research, member surveys and focus groups to better understand member needs
4. Maintain cost effective and substantive member education outreach
5. Develop an online retirement readiness assessment tool for members

- D. Develop a communication plan that includes regular communications with both existing and new legislators and the executive branch
 - 1. Attend legislative receptions during the Legislative session to build relationships with all branches of government and increase knowledge level regarding WRS
 - 2. Host breakfast new member orientations during the legislative session.
 - 3. Invite all 90 legislators to every Board meeting rather than just our 4 legislative liaisons.
 - 4. Work with legislative liaisons and board administrator to get our board meetings on LSO calendar
 - 5. Assess the effectiveness of the current outreach program and develop plan for improvements, if necessary
- E. Increase participation in and contributions to the 457 Plan
 - 1. Request legislation to allow for auto-enrollment for new state employees
 - 2. Revise 457 plan document for administration of the auto-enrollment option
 - 3. Update forms and employee disclosure materials, as appropriate
 - 4. Establish 401(a) plan for the employer 457 matches with auto-enrollment
 - 5. Promote automatic enrollment with non-state employers
- F. Begin statewide meetings with Executive Director, Board members and local legislators to enhance credibility and accessibility of WRS
 - 1. Extend invitations for meetings with legislators throughout the state
 - 2. Coordinate with local WRS Board members and legislative liaisons when traveling to their part of the state
 - 3. Coordinate schedules and travel arrangements to host legislative meetings at the same time as important committee meetings (normally JAC), whenever possible
- G. Follow up with JAC on bills that failed in 2014 legislative session
 - 1. Fire A Plan Funding
 - 2. State Park Ranger D&D benefits
 - 3. Volunteer EMT Funding
- H. Propose WRS legislation for 2015 session
 - 1. Clean-up bill for DB plan (definitions)
 - 2. Default enrollment for deferred comp plan
- I. Evaluate potential new legislation for 2016 or 2017
 - 1. Public records requests and confidentiality of private equity and hedge fund information

2. Inconsistencies in WRS statutory language
 3. Allowing certain employers to withdraw from the System under certain circumstances
 4. Statutory changes needed to secure affirmative IRS determination letters for all plans
- J. Regularly review actuarial assumptions and contribution levels for reasonability with a goal to keep the WRS pension plans within a 30 year or less funding period
- K. Explore more comprehensive budget autonomy, so that the Board can more effectively fulfill its fiduciary duty to the System's membership

GOAL #4 - Ensure consistent and accurate benefit administration and recordkeeping

- A. Ensure effective deployment of new RAIN system
1. Enhancements / fixes during the initial year
 - a) Completion of new Employers' manual
 - i. Identify areas of non-compliance and work with the Communications team to disseminate information
 - ii. Identify areas of the Employer manual that need to be updated and provide input to the Communications team
 - iii. Develop e-mail blasts in coordination with Employer Relations group
 - b) Continue data cleansing
 - c) Audit all member files with pre-2000 employment history for accuracy and ensure RAIN data is correct
 - d) Develop different checkpoints and reports that will provide ongoing improvements to data
 - e) Staff to review all adjustments for prior contributions, military service purchases, workers' comp adjustments and other member account adjustments for accuracy
 - f) Update all procedures and manuals after RAIN go-live
 - g) Continue to monitor system capacity
 2. Develop effective change management process
 - a) Ensure that change, incident, release and problem management have management visibility
 - i. Include senior management in weekly change advisory board meetings

- ii. Regular updates to management team via weekly management team meetings
 - b) Create a change management process
 - i. Establish a Change Advisory Board
 - ii. CAB meets weekly to discuss and prioritize changes and enhancements
 - iii. Develop rating system regarding how critical requested changes are
 - iv. Communicate to staff what the status is of their requested changes, and potential timeframes for resolution
 - c) Create a release management process
 - d) Train stakeholders in IT processes
 - e) Tie IT process performance measures to job goals
 - f) Develop procedures for hot fixes
 - 3. Review staffing needed in various operating sections; utilize staff for new functions where appropriate
 - a) Develop desk manuals for all positions with duties post RAIN go-live
 - b) Ensure cross-training and backup for ongoing positions
 - c) Ask staff for input on duty/workflow changes and communicate with staff
 - d) Identify changes using new workflows
 - e) Balance workload between existing staff members; reassign to new positions if necessary
 - 4. Senior staffing for project – Project Manager, Business Integration Manager, ETS staff currently assigned to WRS
 - a) Project Manager to become part-time effective August 1 – evaluate his functions and determine if anything needs to be reassigned to existing staff
 - b) Business Integration Manager retired in early July. Evaluate needs in this area going forward; develop new job description or reassign remaining duties to existing employees
 - c) Determine reporting lines for ETS staff from a WRS workload perspective
 - 5. Continual monitoring and enhancement as necessary to the IT operating environment to be able to effectively operate and upgrade RAIN and OnBase software
- B. Complete an overall organizational structure review; restructure as appropriate

1. Anticipate problems and implement preventive measures (be proactive)
 2. Continue working toward a paperless environment
 3. Enhance electronic processing capabilities
 4. Identify and reduce redundancy in workflow
 5. Work with consulting firm (Align) on Operations' restructure
 - a) Consultants to interview Operations Manager, Operations supervisors and Operations staff
 - b) Management team to meet with consultants to discuss workflows and positions
 - c) Develop list of potential new positions, and positions needing additional back-up
 - d) Develop new organization chart which creates new efficiencies, and potentially new job opportunities
 - e) Develop new JCQ's as necessary
 - f) Reassign and train staff
- C. Ensure adequate staff training and cross-training in all departments
1. Cross-train in different areas (inter and intra agency)
 - a) Attend local training (WOLFS, Payroll/HR, Infoview)
 - b) Invite staff to participate in meetings with outside providers like our custody bank, 457 plan recordkeeper, actuaries, etc.
 2. Create a desk manual for each position
 3. Hold regular staff meetings
 - a) Hold annual staff planning meeting after Board strategic planning retreats to complete strategies and measures
 - b) Ensure executive staff participation in all Board and staff planning sessions
 4. Pursue professional development experiences (shadowing, mentoring, training)
 5. Acquire outside professional training opportunities (conferences, meetings with outside service providers)
 6. Provide continuous feedback from managers on employee performance
 7. Implement a learning management system to record training and hours attended by employees
- D. Strengthen areas of thin staffing to improve efficiency
1. Bring contract educator in-house

2. Transition 2nd receptionist position from temporary to permanent full-time
 3. Develop internship program to benefit all operating departments and strengthen relationships with local community colleges and UW
- E. Improve customer service levels as measured by response times and survey results
1. Determine what the workflow system in RAIN will track and how that can be used to inform Operations staff of their workload and responsiveness
 - a) Establish baseline statistics for phone calls, e-mails, dollars posted, counseling sessions and customer responsiveness
 - b) Establish new procedures to improve responsiveness
 - c) Move toward electronic processing rather than manual in all areas of WRS
 2. Conduct annual active and retiree survey to document customer satisfaction levels and areas for improvement
 3. Establish outreach program to anyone who is new to the system
 4. Develop training programs to better enable members and retirees to get the most out of the new RAIN system
 5. Retirement educators to tour all areas of the state at least 3 times annually to educate members and employers, and to increase participation in 457 plan.
 6. Develop new mediums for communications, such as Facebook or Twitter
- F. Ongoing improvement of 457 Plan operations And administration
1. Convert all deferred compensation files from paper to electronic format
 - a) Contract with outside provider to scan all paper files currently on-site
 - b) Staff verification of scanned files to ensure accuracy
 - c) Archive or destroy all old paper files once accuracy is verified
 2. Review 457 Investment Policy Statement with a focus on developing core beliefs
 3. Review current 457 Plan line-up and fees and make recommendations for improvements where appropriate
 - a) Engage in staff and consultant proposals on best way to design (streamline) mix-your-own asset line-up and brokerage window
 - b) Receive consultant reports on Stable Value Fund due diligence
 - c) Receive consultant reports on fees and RVK survey comparison / benchmarking
 - d) Receive staff report / schedule expert panel on deemed IRAs
- G. Prepare for new GASB reporting requirements

1. Communications with employers
 - a) Develop employer blasts regarding GASB requirements
 - b) Educate employers on GASB 68 disclosure requirements – project to be headed up by Deputy Director (rather than educators)
 - c) Ensure adequate staff training so that there are subject matter experts on staff to take employer phone calls and help prepare communications
 2. Actuarial requirements
 - a) Meet with actuaries to determine what new disclosures will be necessary
 - b) Amend contract with actuaries to provide required disclosures
 - c) Develop communication plan to inform all parties (Board, staff, and employers) what the new calculations mean and how they are to be utilized
 3. Accounting disclosures
 - a) Schedule meetings with outside auditors to develop appropriate disclosures
 - b) Review CAFRs of other retirement systems that have implemented the new GASB requirements early
 - c) Develop appropriate disclosures based on advice from auditors and what other systems are doing
 - d) Develop supplement to the CAFR for GASB 68 reporting by our employers
 - e) Enhance GASB 68 reporting in 2016 based on initial 2015 report
 4. Auditing processes needed to verify employer data
 - a) Internal auditors to develop audit plan to verify employer data
 - b) Audit staff to meet with Board Audit Committee to keep them apprised regarding new procedures and progress of implementation
 - c) Reassign existing Operations staff, if necessary. To assist with the initial employer audits
 - d) Ensure that all critical (large) employers have been audited prior to the completion of our external audit
- H. Rebid custody bank services to ensure highest quality service at a reasonable price
1. Schedule on-site meetings with all major custody banks
 2. Develop list of requirements and RFP based on information from meetings
 3. Issue RFP, analyze responses and conduct due diligence meetings with top firms

4. Transition custody relationship, (if necessary)
- I. Issue RFP for new website development to ensure site is robust enough to handle the requirements for more usage by members and better dissemination of information (ease of administration by staff)
 1. Evaluate systems utilized by other retirement systems to find “best-in-class” systems
 2. Talk to IT / Communications staff at other retirement systems regarding their website development and provider
 3. Work with State ETS Division regarding utilization of outside provider
 4. Develop and issue RFP; analyze responses and conduct further due diligence on top providers
 5. Finalize selection and complete legal documents
- J. Improve CAFR to highlight significant information and make it more user-friendly
- K. Explore more comprehensive budget autonomy, so that the Board can more effectively fulfill its fiduciary duty to the System’s membership

GOAL #5 - Identify and manage WRS and the investment program in an enterprise risk aware approach

- A. Tailor the development of the risk management function for WRS to the initial steps and objectives identified in the COSO internal control framework
 1. Seek board and senior management leadership, involvement and oversight
 2. Select a strong leader to drive the risk management function
 3. Establish a Management Risk Committee or working group
 4. Conduct the initial organization-wide risk assessment and develop an action plan
 5. Inventory the existing risk management practices of the organization
 6. Develop initial risk reporting procedures
 7. Develop the next phase of action plans and ongoing communication efforts
- B. Identify and document risks across the entire organization, including: Operations/Benefits; Investments; Legal; Accounting; Administration; Outside Contractors/Vendors; Legislative; Board; and Executive Management.
 1. Operations/Benefits: Ensure that the RAIN and OnBase systems are operating correctly and efficiently; identify and manage staff workload issues related to customer satisfaction; ensure that processes are in place to distribute retirement benefit and refund checks timely and efficiently.

2. Investments: Determine whether adequate processes are in place to analyze management fees, securities lending programs, securities claim filings, etc; develop internal policies and procedures addressing ethics, travel, communication, cyber security, personal trading practices, due diligence, etc.
3. Legal: Analyze processes for efficient and comprehensive organization of legal agreements; rule promulgation; coordination with other legal resources.
4. Accounting: Analyze processes for tracking cash flow; timeliness of investment and external service provider contracts; CAFR development.
5. Administration: Ensure adequate staff training and support; build an effective succession plan to include cross-training and staff turnover; update and enhance the disaster recovery program to provide continuity of business functions; create and maintain a resource area with historical and other information relating to each of the pension plans; create, improve and/or streamline internal policies and procedures necessary to effective system administration.
6. Contractors: Evaluate relative costs/risks associated with contracting for services outside of the organization; what can go wrong.
7. Legislature: Develop processes for monitoring legislative activity and providing legislature with up-to-date information.
8. Board: Work with the board and its members to address its succession planning to ensure consistency and on-going development; discuss and document the board's long-term goals for WRS.
9. Executive Management: Develop educational materials which emphasize the benefit of the pension system; share information; collaborate to achieve desired results and minimize duplication of efforts; develop and create policies and procedures to provide clear guidance to staff.

C. Work with internal and external auditors to identify risks