

Agency Strategic Plan

Virginia Retirement System (158)

3/13/2014 10:06 am

Biennium: 2008-10 ▼

Mission and Vision

Mission Statement

The Virginia Retirement System's mission is to provide superior customer service in the delivery of retirement related benefits on behalf of participating Virginia public employers and their employees and to serve as stewards of the funds in our care.

Vision Statement

Our employees are committed to continuous improvement and providing superior service to our customers and value to our stakeholders. VRS seeks to be a leader among retirement providers.

Agency Values

- Continuous Learning
"Pursues training and development opportunities · Strives to continuously build knowledge and skills · Shares expertise with others
- Teamwork
"Balances team and individual responsibilities · Supports everyone's efforts to succeed · Supports organization's goals and objectives · Exhibits objectivity and openness to others' views
- Adapting to Change
"Adapts to changes in the work environment · Develops alternative solutions · Able to deal with frequent change, delays, or unexpected events
- Leadership
"Develops and uses effective strategies and interpersonal styles to influence and guide others toward the accomplishment of identified goals and objectives

Executive Progress Report

Service Performance and Productivity

- *Summary of current service performance*

In support of VRS' mission and strategic plan, each year the agency establishes or refines agency performance outcomes (APOs) that focus on strategic innovations while providing milestones against which to measure progress. As part of this annual APO-setting process, VRS also assesses its performance against established business and operational standards. The key is to balance maintaining the highest levels of quality and productivity in serving customers and administering benefits with the need to pursue innovations that will improve VRS over time.

This balance is especially critical now as the agency continues to address one of its most significant challenges: the increased demand for service from a growing population of members and retirees.

- *Summary of current productivity*

[Nothing entered]

Initiatives, Rankings and Customer Trends

- *Summary of Major Initiatives and Related Progress*

VRS met significant administrative commitments in FY 2007, including continued enhancements to the myVRS Suite of online customer services. The agency launched myVRS for Employers. This secure online system provides employers who are authorized to access member data an excellent tool to help them counsel their employees about their VRS benefits. Additionally, a disability retirement estimator was added to myVRS and myVRS for Employers, further expanding the functions available to members and employers in a secure online environment.

The Customer Contact Center continued to reduce the rate of telephone calls from customers going unanswered. The abandoned call rate for FY 2007 averaged 2.0% compared to 7.3% in FY 2006 and 22% to 23% of inbound calls in previous fiscal years.

VRS enjoyed a very successful year in fulfilling its Agency Performance Outcomes (APOs) for the 2007 fiscal year. Among other accomplishments, VRS staff exceeded performance standards established for business processes, such

as retirement application processing; implemented MUNIS, a new automated financial accounting system offering new online functions and improved financial reporting; and undertook building renovations in VRS' two downtown Richmond locations to provide better work space for the investment and customer relations support staffs.

- *Summary of Virginia's Ranking*

With assets of about \$58 billion, VRS is the 26th largest public or private system in the United States.

VRS' activities are benchmarked against 52 other global pension systems. The Cost Effectiveness Measurement, Inc. (CEM) gathers performance data from the participating pension systems and publishes annual benchmarking analysis.

For over twenty-five years, VRS continues to be awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

VRS also received the Achievement Award from the Public Pension Coordinating Council (PPCC). The award recognizes VRS for excellence in meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

- *Summary of Customer Trends and Coverage*

[Nothing entered]

Future Direction, Expectations, and Priorities

- *Summary of Future Direction and Expectations*

[Nothing entered]

- *Summary of Potential Impediments to Achievement*

[Nothing entered]

Service Area List

Service Number	Title
158 704 15	Administration of Retirement and Insurance Programs
158 725 04	Investment Management Services
158 799 00	Administrative and Support Services

Agency Background Information

Statutory Authority

The Virginia Retirement System's authority is found at Title 51.1 of the code of Virginia.

- Virginia Retirement System Feature Title 51.1Code of Virginia
- Governance - Board of Trustees appointment and responsibilities 124.20 - 124.22
- Governance - Advisory committees' appointment and responsibilities124.25 - 124.26
- Investment authority 124.30 - 124.36
- Director 124.22
- Chief Investment Officer - qualifications and responsibilities 124.24
- Exemption of assets from taxation; execution and assignment of benefits and assets 124.4
- Membership in retirement system 125, 128 - 129, 202, 302
- Membership - Eligibility for optional retirement system of certain higher education, teaching hospital, and Virginia Port Authority employees, as well as certain gubernatorial appointees and certain employees of the offices of the Attorney General and the Lieutenant Governor, and local school superintendents 126, 126.1,126.3 - 126.6
- Membership - Participation of political subdivisions in retirement system 130 - 136
- Membership - Computation of employer contribution rate 137
- Membership - Authority of political subdivisions to provide SPORS-equivalent benefits to their law enforcement employees 138
- Creditable service 140 - 141, 203, 303
- Purchase or granting of prior service credit 142.2
- Member contributions, refunds from member contribution accounts144, 147, 161
- Responsibility to certify employer contribution rate, employer contributions 145, 148, 204, 304
- Service retirement benefits 153 - 155.2, 205 - 206, 305 - 306
- Disability retirement benefits 156 - 160, 209, 210, 307-308
- Supplemental benefits for SPORS 208
- Disability retirement - Medical Board 124.23

Cost of living adjustment 166
 Pension benefit payment options 165
 Maximum benefit limits 168
 Survivor benefits 162 - 164, 207
 Group life insurance - eligibility 502 - 504, 507
 Group life insurance - amount of coverage 505
 Group life insurance - employee and employer contributions 506, 508, 514
 Group life insurance - additional accidental death and dismemberment benefit 505.01
 Group life insurance - beneficiary designations 511
 Group life insurance - optional insurance coverage 512
 Group life insurance - long-term care benefit 513.1
 Authority to administer a disability insurance program 514
 Deferred compensation program 600
 Social security for State and local employees 700 - 706
 Local (non-VRS) retirement systems 800 - 823
 Virginia Sickness and Disability Program 1100 - 1140
 Retiree Health Insurance Credit 1400

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Customers

Customer Group	Customers served annually	Potential customers annually
Active Members	339,215	362,129
Employers	798	808
Inactive and Deferred Members	112,754	121,774
Retirees	130,500	148,801

Anticipated Changes To Agency Customer Base

VRS has experienced increased administrative and operational challenges for both VRS management and staff. These challenges have resulted from several factors, one of the most important being a growing membership. The increasing number of members and retirees has placed great demands on the VRS customer service and retirement payroll functions. There has been a five percent average increase in the number of retired members annually. It is anticipated that retired members will continue to increase at this rate. Additionally, active members continue to increase at an average rate of two percent annually.

Not only has the number of requests for information and benefit calculations increased, but also the questions asked by VRS members are becoming more sophisticated. This is a function of the growing complexity of the retirement statutes, as well as a reflection of increased financial sophistication on the part of VRS members.

As changes and benefit enhancements are made to the system, the VRS staff is responsible for revising and updating its publications and training materials to reflect these changes and to meet audience needs. Similarly, compliance with statutory changes on the federal and state level requires staff to continually update training, communication, informational, and publication materials and services.

Partners

Partner	Description
[None entered]	

Products and Services

- *Description of the Agency's Products and/or Services:*

VRS is responsible for administering numerous benefit programs that have been created by the General Assembly. These programs include: service and disability retirement, pension death benefits, life insurance, the short and long-term disability program, and the retiree health insurance credit. VRS is also responsible for implementing legislated changes to the benefit structure.

VRS also administers five defined contributions plans: Deferred Compensation and Cash Match Plan; Optional Retirement Plan for Employees of Higher Education; Optional Retirement Plan for School Superintendents; Optional Retirement Plan for Political Appointees and the Virginia Supplemental Retirement Plan.

The investment program is a vital component of VRS' ongoing operations. Contributions by employers and employees are invested by VRS in order to generate additional revenue to fund the cost of current and future retirement benefits. Moreover, the majority of a retiree's lifetime benefit will be funded through earnings generated by the VRS investment program. Finally, strong investment earnings enable the Board to keep employer contribution rates stable as well as improve VRS' overall funding status.

The VRS Investment Department is also responsible for the oversight of the investment options offered through several defined contribution plans administered by VRS. These plans include the State's Deferred Compensation plan, the Cash Match plan and the Optional Retirement Plans for political appointees. Contributions to these plans are made on a pre-tax basis on behalf of eligible employees. While all investment decisions for these accounts are the responsibility of the participant, VRS does determine which options will be included and monitors the management and performance of these investment options.

The administrative side of the agency is responsible for each plan's compliance with legal regulations, recommends and approves changes in the plan structures and monitors the third party administrators who handle the day-to-day operation of the plans.

- *Factors Impacting Agency Products and/or Services:*

[Nothing entered]

- *Anticipated Changes in Products or Services:*

The Virginia Retirement System will administer the long-term care benefit, previously administered by Aetna, effective December 1, 2007.

Finance

- *Financial Overview:*

[Nothing entered]

- *Financial Breakdown:*

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$78,000	\$33,304,775	\$78,000	\$33,304,775
Change To Base	\$0	\$0	\$0	\$0
Agency Total	\$78,000	\$33,304,775	\$78,000	\$33,304,775

This financial summary is computed from information entered in the service area plans.

Human Resources

- *Overview*

The Virginia Retirement System has an authorized level of 283 classified positions and is supplemented by 33 wage positions and 3 temporary positions.

- *Human Resource Levels*

Effective Date	7/1/2007	
Total Authorized Position level	283	
Vacant Positions	-17	
Current Employment Level	266.0	
Non-Classified (Filled)	0	breakout of Current Employment Level
Full-Time Classified (Filled)	266	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	33	
Contract Employees	3	

Total Human Resource Level **302.0** = *Current Employment Level + Wage and Contract Employees*

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Information Technology

- *Current Operational IT Investments:*
"VRS is proceeding with a six-year modernization program to update systems, business processes and customer services through state-of-the-art technology. The objectives of modernization are to provide customers near "24/7" access to VRS services, including new self service capabilities; enhance the timeliness, accuracy and consistency of customer service; implement comprehensive knowledge and learning desktop tools; improve business process efficiency; and update outmoded technology systems. The ultimate vision of the project is "to create a workplace where skilled and confident staff routinely deliver superior customer service in a collaborative work environment that encourages and supports continuous improvement."
- *Factors Impacting the Current IT:*
[Nothing entered]
- *Proposed IT Solutions:*
[Nothing entered]
- *Current IT Services:*

Estimated Ongoing Operations and Maintenance Costs for Existing IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Projected Service Fees	\$0	\$1,861,913	\$0	\$1,889,841
Changes (+/-) to VITA Infrastructure	\$0	\$0	\$0	\$0
Estimated VITA Infrastructure	\$0	\$1,861,913	\$0	\$1,889,841
Specialized Infrastructure	\$0	\$0	\$0	\$0
Agency IT Staff	\$0	\$0	\$0	\$0
Non-agency IT Staff	\$0	\$0	\$0	\$0
Other Application Costs	\$0	\$0	\$0	\$0
Agency IT Current Services	\$0	\$1,861,913	\$0	\$1,889,841

Comments:
[Nothing entered]

- *Proposed IT Investments*

Estimated Costs for Projects and New IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Major IT Projects	\$0	\$0	\$0	\$0
Non-major IT Projects	\$0	\$0	\$0	\$0
Agency-level IT Projects	\$0	\$0	\$0	\$0

Major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Non-major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Total Proposed IT Investments	\$0	\$0	\$0	\$0

● *Projected Total IT Budget*

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Current IT Services	\$0	\$1,861,913	\$0	\$1,889,841
Proposed IT Investments	\$0	\$0	\$0	\$0
Total	\$0	\$1,861,913	\$0	\$1,889,841

[Appendix A](#) - Agency's information technology investment detail maintained in VITA's ProSight system.

Capital

- *Current State of Capital Investments:*
[Nothing entered]
- *Factors Impacting Capital Investments:*
[Nothing entered]
- *Capital Investments Alignment:*
[Nothing entered]

Agency Goals

Goal 1

We will deliver superior customer service.

Goal Summary and Alignment

The VRS service goal considers a combination of traditional and electronic services. It is intended to look for ways to enhance the timely, efficient and accurate delivery of the high level of service our customers have come to expect from our agency. The method of delivery, however, must consider the wants and needs of our membership, employers, business partners and the general public and the cost to meet those expectations. The methods used also should consider internal efficiency and productivity. The goal supports the delivery of customer-focused, quality service through the expansion of self-service strategies. Quality service can be defined using the following attributes: accurate, cost-effective, efficient, timely and satisfying the customer's needs. • Improve delivery of accurate and timely information to reduce the internal cycle time from application to benefit payment. • Expand the use of appropriate self-service strategies. • Efficiently utilize technology to provide an environment that enhances productivity. • Pay benefits accurately and timely. • Continue to provide a high level of technological and administrative support to facilitate the agency including investment management.

Goal 2

We will maintain an environment conducive to superior employee leadership and stewardship.

Goal Summary and Alignment

This goal refers to the way we work at VRS. We are an organization that is based on a foundation of core values – adapting to change, open communication, teamwork, continuous learning, customer service orientation, productivity and quality improvement, coaching and leadership. VRS employees pride themselves on being a successful and collaborative organization. The work is important, and the employees are dedicated to their work, their customers, and their fellow employees. VRS employees care about the work environment. VRS is committed to maintaining a clean, comfortable and productive work setting. The equipment and supplies provided to employees contribute to making the working environment pleasant and efficient. There also is a focus on the safety and security for employees. The plan's strategic objectives focus on these aspects of maintaining an environment conducive to successful performance: • Seek out and

hire highly qualified employees who demonstrate the organization's core values. • Ongoing succession planning. • Provide and encourage the training and development of staff in both technical knowledge and inter-personal skills. • Ensure that employees focus on ways to improve and maintain a good balance between productivity and satisfaction. • Encourage a "team" environment. • Ensure that the VRS pay system rewards employees throughout their career for high performance and professional growth.

Goal 3

We will be recognized as a leader and innovator in the reliable and efficient delivery of benefits.

Goal Summary and Alignment

VRS seeks to be recognized as a leader and innovator among retirement systems by employing appropriate and efficient approaches in the management and delivery of benefits. The employers, members and retirees expect and deserve a well-managed and fiscally responsible administrative organization for their various benefit programs. This is especially important because of the lack of competition and the inability of employers to terminate their coverage. In addition, the Governor, the General Assembly and local government participating employers need to be confident that VRS continues to represent the most efficient and cost-effective solution for the administration of the Commonwealth's benefit programs. VRS partners with many organizations, and these partnerships lead to success on a variety of levels. Business partners provide services to members by servicing programs such as life insurance, the sickness and disability plan, deferred compensation and defined contribution plans. The plan's strategic objectives focus on these aspects: · VRS will continue to manage its operations efficiently and effectively in a responsible manner. · Create an effective control environment that provides for the proper segregation of duties within VRS. · Information must be timely and accurate, and must be presented in a manner that is useful for our customers. · Position the agency to serve as the reliable, credible resource for retirement information. · Practice responsible "corporate" citizenship.

Goal 4

We will strengthen the culture of preparedness across state agencies, their employees and customers.

Goal Summary and Alignment

This goal ensures compliance with federal and state regulations, policies and procedures for Commonwealth preparedness, as well as guidelines promulgated by the Assistant to the Governor for Commonwealth Preparedness, in collaboration with the Governor's Cabinet, the Commonwealth Preparedness Working Group, the Department of Planning and Budget and the Council on Virginia's Future. The goal supports achievement of the Commonwealth's statewide goal of protecting the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds. The objective of this goal is be prepared to act in the interest of the citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

Service Area Strategic Plan

Virginia Retirement System (158)

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Service Area 1 of 3

Administration of Retirement and Insurance Programs (158 704 15)

Description

Customer Services Relations:

- Member Services
- Retiree Services
- Service Retirement
- Disability Retirement
- Beneficiary Payment Services
- Health Insurance
- Refunds
- Long-term Care
- Virginia Sickness and Disability Plan
- Retiree and Member Customer Contact Center
- Member Counseling
- Employer Customer Contact Center
- Education and Training
- Volunteer Firefighters & Rescue Squad
- Optional Retirement Plan
- Deferred Compensation Plan & Cash Match
- Defined Contribution Plans
- Employer Reporting
- Employer Representative Program

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*

This service area aligns with VRS's mission of providing superior service in the administration of retirement related benefits on behalf of participating Virginia public employers and their employees.

- *Describe the Statutory Authority of this Service*

Membership in retirement system, Sections 125, 128 - 129, 202, 302

Membership - Eligibility for optional retirement system of certain higher education, teaching hospital, and Virginia Port Authority employees, as well as certain gubernatorial appointees and certain employees of the offices of the Attorney General and the Lieutenant Governor, and local school superintendents, Sections 126, 126.1, 126.3 - 126.6

Membership - Participation of political subdivisions in retirement system, Sections 130 - 136

Membership - Computation of employer contribution rate, Section 137

Membership - Authority of political subdivisions to provide SPORS-equivalent benefits to their law enforcement employees, Section 138

Creditable service, Sections 140 - 141, 203, 303

Purchase or granting of prior service credit, Section 142.2

Member contributions, refunds from member contribution accounts, Sections 144, 147, 161

Responsibility to certify employer contribution rate, employer contributions, Sections 145, 148, 204, 304

Service retirement benefits, Sections 153 - 155.2, 205 - 206, 305 - 306

Disability retirement benefits, Sections 156 - 160, 209, 210, 307-308

Supplemental benefits for SPORS, Section 208

Disability retirement - Medical Board, Section 124.23

Cost of living adjustment, Section 166

Pension benefit payment options, Section 165

Maximum benefit limits, Section 168

Survivor benefits, Sections 162 - 164, 207

Group life insurance - eligibility, Sections 502 - 504, 507

Group life insurance - amount of coverage, Section 505

Group life insurance - employee and employer contributions, Sections 506, 508, 514

Group life insurance - additional accidental death and dismemberment benefit, Section 505.01
 Group life insurance - beneficiary designations, Section 511
 Group life insurance - optional insurance coverage, Section 512
 Group life insurance - long-term care benefit, Section 513.1
 Authority to administer a disability insurance program, Section 514
 Deferred compensation program, Section 600
 Social security for State and local employees, Sections 700 - 706
 Local (non-VRS) retirement systems, Sections 800 - 823
 Virginia Sickness and Disability Program, Sections 1100 - 1140
 Retiree Health Insurance Credit, Section 1400

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Active Members	Active Members	339,215	362,129
Employers	Employers	798	808
Inactive and Deferred Members	Inactive and Deferred Members	112,754	121,774
Retirees	Retirees	130,500	148,801

Anticipated Changes To Agency Customer Base
 [Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- *Factors Impacting the Products and/or Services:*

[Nothing entered]

- *Anticipated Changes to the Products and/or Services*

[Nothing entered]

- *Listing of Products and/or Services*

- Service Retirement: Provides retirement for members who meet certain age and service requirements.
- Retiree Health Insurance Credit: Provides credits against health insurance premiums for eligible state retirees.
- Retiree Health Insurance: Provides for deduction of health insurance premiums and maintenance of participant coverage changes.
- Education and Training: Offers retirement education seminars and counseling sessions for members.
- Customer Contact Center: Provides information to member, retiree, and employer concerns.
- Employer Reporting: Processes monthly membership reports and corrections for VRS Employers. Records contributions and service to member's records for future benefit purposes.
- Optional Retirement Plans: Provides for retirement benefits based on contributions and the investment gains and losses on those contributions. Provides retirement benefits for employees of institutions of higher education engaged in the performance of teaching, administrative or research duties. With approval of VRS, institutions of higher education may establish optional retirement plans for these employees.
- Deferred Compensation and Cash Match Plan: Allows state employees and member of participating subdivisions to defer paying taxes on a portion of their compensation while saving for retirement. The Cash Match Plan provides an incentive for employees to participate in the Deferred Compensation Plan.
- Virginia Supplemental Retirement Plan: The Virginia Supplemental Retirement Plan is a Section 401(a) Plan into which certain employers, based on specific enabling legislation, make contributions in order to provide enhanced retirement benefits to designated employees. Currently certain employees of public school boards may participate in the Plan. The Department of Education determines eligibility for this Plan.
- Disability Retirement: Provides retirement if unable to perform job functions because of physical or mental disability and if the disability is likely to be permanent.

- Pension Death Benefits: Provides eligible survivors the benefit of member retirement contributions upon death.
- Purchase of Prior Service Credit: Provides credit towards retirement that a member earns in a VRS-covered position.
- Life Insurance: Provides life insurance and accidental death and dismemberment coverage to the majority of members participating in the System.
- Optional Life Insurance: Provides a supplement to the basic group life insurance program that can be purchased by an employee.
- Virginia Sickness and Disability Program (VSDP): Provides eligible employees with supplemental or replacement income during periods of partial or total disability.

Finance

- *Financial Overview*
[Nothing entered]
- *Financial Breakdown*

	FY 2009		FY 2010		FY 2009	FY 2009	FY 2009	FY 2009
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund				
Base Budget	\$78,000	\$11,746,581	\$78,000	\$11,746,581				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$78,000	\$11,746,581	\$78,000	\$11,746,581				
Base Budget	\$78,000	\$11,746,581	\$78,000	\$11,746,581				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$78,000	\$11,746,581	\$78,000	\$11,746,581				
Base Budget	\$78,000	\$11,746,581	\$78,000	\$11,746,581				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$78,000	\$11,746,581	\$78,000	\$11,746,581				

Human Resources

- *Human Resources Overview*
[Nothing entered]
- *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
Current Employment Level	0.0
Non-Classified (Filled)	
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	

breakout of Current Employment Level

Faculty (Filled)	
Wage	
Contract Employees	
Total Human Resource Level	0.0

= Current Employment Level + Wage and Contract Employees

- **Factors Impacting HR**
[Nothing entered]
- **Anticipated HR Changes**
[Nothing entered]

Service Area Objectives

- Customer Service

Objective Description

Expan on-line customer service.

Objective Strategies

- Complete retiree self-service plan and business requirements.

Link to State Strategy

- nothing linked

Objective Measures

- Retiree on-line access

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: N/A

Measure Target Value: Date:

Measure Target Description: June 30, 2008

Data Source and Calculation: This measure will be verified with the project plan.

- Operational Standards

Objective Description

Maintain Operational Standards.

Objective Strategies

- Monitor operational standards and report monthly results. Address variances immediately.

Link to State Strategy

- nothing linked

Objective Measures

- Abandoned Call Rate

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Target Value: Date:

Measure Target Description: Abandoned call rate is no greater than 5%.

Data Source and Calculation: A report is generated from the telephone switch detailing activity for phone calls received during the month. Data from this report is used to prepare the monthly statistics for calls received, calls answered, and calls abandoned.

- 100% of monthly retirement payrolls will be run to ensure that the recurring retirement benefit is issued no later than the first day of the month.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 100% Monthly

Data Source and Calculation: This measure is based on the date that the monthly retirement payroll is run.

- 98% of Purchase of Prior Service cost letters processed with 95 % accuracy and within 30 days of receipt of completed application.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Process applications within 30 days.

Data Source and Calculation: This measure is calculated by using the VRS Purchase of Prior Service Subsystem Applications Completed Excluding Payroll Errors. This report lists the average days to process purchase of service applications and the number of records (by buyback code).

- Process Service Retirements in an average of 60 days from submittal of a completed application with 95% accuracy rate.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Process in an average of 60 Days.

Data Source and Calculation: The month-end BCAL Inventory Listing Report is used to determine the number of service retirement applications not approved in 60 days. The accuracy measure is based on adjustments done due to the analysts incorrectly calculating the benefit in the original calculation.

- 98% of Disability Retirements processed with 95% accuracy and placed on payroll within 40 days of medical review board approval.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date: Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Add approved disability retirements to payroll within 40 days.

Data Source and Calculation: The month-end Retirement Application Aging report is used to determine the number of disability cases not approved in 40 days of the Medical Board approval. The accuracy rate is based on adjustments done on incorrect calculation of the original benefit.

- 95% of refunds processed within 60 days.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Process refunds within 60 days.

Data Source and Calculation: The Refunds Monthly Performance report provides a summary of the total of refunds processed during the month. The system generated Refund Monthly Performance report is used to obtain the percent of refunds processed within 60 days.

- 90% Estimates completed in less than 30 days.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Complete estimates in less than 30 Days.

Data Source and Calculation: The Estimated Application Aging Report shows individual and cumulative statistics of the estimates completed during the month.

- 98% of service retirement cases are placed on payroll without intervention to adjust service.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 98% of service retirement cases placed on payroll.

Data Source and Calculation: This measure is based on the percent of adjustments to service and disability applications.

- 96% of monthly employer payrolls are processed within 30 days of the due date.

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 96% Processed

Data Source and Calculation: The 'Employer Payroll Reporting Code Summary Report' report is used to obtain the employer count and in conjunction with two other system reports to calculate the percent of payrolls updated within 30 days.

- o Ensure 90% of members are reported by the due date.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: Ensure 90% of VRS members are reported by due date.

Data Source and Calculation: Two Automated Payroll Tracking System Reports, the Employer Log of Payrolls Received, Not Updated and the Employer Log of Payrolls Not Received are used to determine the number of members not reported by the due date.

Service Area Strategic Plan

Virginia Retirement System (158)

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Service Area 2 of 3

Investment Management Services (158 725 04)

Description

Investment Management Services:

- Administration
- Board of Trustees' Committees
- Investment Operations
- Deferred Compensation Program
- Equity Management
- Real Estate Management
- Alternative Investment Management
- Fixed Income Management
- Research
- Investment Accounting
- Credit Strategies Management

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*
This service area supports the agency mission of serving as stewards of the funds in our care.
- *Describe the Statutory Authority of this Service*
Governance - Board of Trustees appointment and responsibilities, Sections 124.20 - 124.22
Governance – Advisory committees' appointment and responsibilities, Sections 124.25 - 124.26
Investment authority, Sections 124.30 - 124.36
Director, Section 124.22
Chief Investment Officer - qualifications and responsibilities, Section 124.24
Exemption of assets from taxation; execution and assignment of benefits and assets, Section 124.4

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Active Members	Active Members	325,025	344,935
Inactive and Deferred Members	Inactive and Deferred Members	98,446	118,446
Retirees	Retirees	119,360	133,665

Anticipated Changes To Agency Customer Base
[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- *Factors Impacting the Products and/or Services:*
[Nothing entered]
- *Anticipated Changes to the Products and/or Services*
[Nothing entered]
- *Listing of Products and/or Services*

- Fixed Income (bonds): VRS fixed income bond holdings are diversified by maturity, sector, and issuer.
- Private Equity: VRS invests in private equity to enhance the returns available in the public equity markets and provide total fund diversification. Private equity generally has higher risk and potential return, is less liquid, and has higher fees than most other asset classes.
- Real Estate: VRS real estate program investments are differentiated among three categories according to expected risk and return characteristics of the investments. The three categories are core, enhanced core, and opportunistic.
- Credit Strategies Management: VRS uses credit strategies opportunistically when expected returns are competitive with public equity. This program has a credit component as well as a convertibles component.
- Domestic and Non U.S. Public Equity (stock): Stock holdings composed of corporations traded on U.S. stock exchanges and stock exchanges of foreign countries.

Finance

- *Financial Overview*
[Nothing entered]

- *Financial Breakdown*

	FY 2009		FY 2010		FY 2009	FY 2010
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund		
Base Budget	\$0	\$9,426,074	\$0	\$9,426,074		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$0	\$9,426,074	\$0	\$9,426,074		
Base Budget	\$0	\$9,426,074	\$0	\$9,426,074		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$0	\$9,426,074	\$0	\$9,426,074		

Human Resources

- *Human Resources Overview*
[Nothing entered]

- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)		} breakout of Current Employment Level
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage		
Contract Employees		
Total Human Resource Level	0.0	= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Operational Standards.

Objective Description

Maintain Operational Standards.

Link to State Strategy

- nothing linked

Objective Measures

- Monitor and maintain approved asset allocations.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 100% of total trust fund

Data Source and Calculation: This measure is based on a calculation of asset balances by asset class.

- Exceed investment benchmarks.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: The target is a set expectation.

Data Source and Calculation: Actual results are compared to investment benchmarks.

- 90% of the partnerships' financial analysis to Mellon by the last day of the month for 10 of the 12 months during FY 2008.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 90%of analysis submitted to Mellon.

Data Source and Calculation: This measure is calculated manually utilizing the fax logs which indicate the

partnership financial analyses that are sent to Mellon.

- Receive 100% of the reconciliations from all investment managers for all four quarters.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 100% Receipt

Data Source and Calculation: This Quarterly Reconciliation Checklist and Manager Fee Tracking System is used to measure the receipt of reconciliations from investment managers.

- 100% of fees must be verified for accuracy within prescribed error margins.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 100% accuracy

Data Source and Calculation: Invoices for management fees are compared to an independent verification of fees utilizing an excel spreadsheet.

Service Area Strategic Plan

Virginia Retirement System (158)

3/13/2014 10:06 am

Biennium: 2008-10 ▼

Service Area 3 of 3

Administrative and Support Services (158 799 00)

Description

Administrative and Support Services:

- Director
- Board of Trustees
- Policy and Planning
- Public Relations and Communications
- Procurement Section
- Process and Data Quality
- Administrative Appeals
- Legislative Affairs
- Human Resources
- Internal Audit
- Finance
- Technology Services

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*

This service area aligns with VRS' mission of providing superior service in the administration of retirement related benefits on behalf of participating Virginia public employers and their employees.

- *Describe the Statutory Authority of this Service*

Title 51.1 of the Code of Virginia

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Active Members	Active Members	339,215	362,129
Employers	Employers	798	808
Inactive and Deferred Members	Inactive and Deferred Members	112,754	121,774
Retirees	Retirees	130,500	148,801

Anticipated Changes To Agency Customer Base

[Nothing entered]

Partners

Partner	Description
[None entered]	

Products and Services

- *Factors Impacting the Products and/or Services:*

[Nothing entered]

- *Anticipated Changes to the Products and/or Services*

[Nothing entered]

- *Listing of Products and/or Services*

- Internal Audit: Examines and audits the agency's administrative and investment operations to determine whether the agency's network of risk management, control, and governance processes are adequate and functioning

- Finance: Maintains and reconciles the VRS general ledger, develops and monitors the agency budget, assures portfolio assets are reconciled and safeguarded, prepares financial statements, and maintains internal controls.
- Director's Office: Administration of the agency
- Administration: Provides agency-wide support services to include purchasing, building operation, contract administration, strategic planning, performance analysis, legislative liaison services, human resource functions, and ensuring integrity of data and processes.
- Technology Services: Provides technical (hardware and software) services that span multiple platforms (such as Web, LAN, WAN, mainframe, telephony) and include technology integration, application development/maintenance, workstations and peripherals, telephony, and data network infrastructure.
- Public Relations: Media relations, external communications, VRS website, employer account representatives.

Finance

- *Financial Overview*
[Nothing entered]
- *Financial Breakdown*

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$12,132,120	\$0	\$12,132,120
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$12,132,120	\$0	\$12,132,120

Human Resources

- *Human Resources Overview*
[Nothing entered]
- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
Current Employment Level	0.0	
Non-Classified (Filled)		} breakout of Current Employment Level
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage		
Contract Employees		
Total Human Resource Level	0.0	= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*
[Nothing entered]
- *Anticipated HR Changes*
[Nothing entered]

Service Area Objectives

- Space Utilization
Objective Description

Continue to enhance VRS space utilization to ensure a productive work environment that accomodates anticipated future changes.

Alignment to Agency Goals

- Agency Goal: We will maintain an environment conducive to superior employee leadership and stewardship.

Link to State Strategy

- nothing linked

Objective Measures

- Develop a plan to upgrade public facilities to include compliance with American Disabilities Act requirements.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: n/a

Measure Target Value: Date:

Measure Target Description: The target for development of the plan is June 30, 2008.

Data Source and Calculation: This measure will be determined by development of the plan.

- Modernization Program

Objective Description

Continue Modernization Program that will ensure the ongoing stability of the VRS and facilitate superior customer service.

Alignment to Agency Goals

- Agency Goal: We will be recognized as a leader and innovator in the reliable and efficient delivery of benefits.

Objective Strategies

- Issue Request for Proposal for Modernization Program.

Link to State Strategy

- nothing linked

Objective Measures

- Continue short-term initiatives to improve the efficiency of imaging/workflow related process.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: n/a

Measure Target Value: Date:

Measure Target Description: June 30, 2008

Data Source and Calculation: This measure will be determined by the opportunities determined by business process re-engineering.

- Evaluate vendor proposals and select business partner.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: n/a

Measure Target Value: Date:

Measure Target Description: The target for selection of vendor is June 30, 2008.

Data Source and Calculation: This measure will be determined by the selection of a business partner.

- Operational Standards

Objective Description

Maintain operational standards.

Alignment to Agency Goals

- o Agency Goal: We will be recognized as a leader and innovator in the reliable and efficient delivery of benefits.

Link to State Strategy

- o nothing linked

Objective Measures

- o Administrative Cost not to exceed peer group median cost as defined by Cost Effectiveness Measurement, Inc. (CEM)

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: Prior Fiscal Year Peer Group Median Cost

Measure Target Value: Date:

Measure Target Description: To stay below the peer group median cost.

Data Source and Calculation: This measure is calculated using the benchmarking data received from Cost Effectiveness Measurement, Inc. (CEM).

- o Complete 99% of reconciliations monthly within last working day of the following month.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 99% of reconciliations completed.

Data Source and Calculation: This measure is based on the monthly checklist of completed reconciliations.

- o Achieve 99.0% System Availability for all critical business systems.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Description: 99% availability of all critical business systems.

Data Source and Calculation: : This measure is calculated from a compiled set of individual "Critical" systems availability percentages. Systems are designated as "Critical" by the Chief Technology/Security Officer and/or the VRS Business area owners. Each "Critical" system's availability percentage is added together and divided by the number of Critical Systems reported to determine the overall Systems Availability for the agency.

- Image 95.0% of workflow documents within 24 hours for 10 of the 12 months during FY 2008.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 95% Imaged

Data Source and Calculation: This measure is calculated by reviewing the total number of documents to be imaged, total documents imaged and the start and finish time of the task.

- 80% of all employees will complete at least 1 core value and 1 business or technology related development opportunity to enhance individual employee performance and support succession planning.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Measure Baseline Value: Date:

Measure Baseline Description: The baseline is a set expectation.

Measure Target Value: Date:

Measure Target Description: 80% of Employees completing training

Data Source and Calculation: This measure is calculated by tracking the type and number of classes taken by employee.

- Emergency Preparedness

Objective Description

Act in the interest of the citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

Alignment to Agency Goals

- Agency Goal: We will strengthen the culture of preparedness across state agencies, their employees and customers.

Objective Strategies

- The agency Emergency Coordination Officer will stay in continuous communication with the Office of Commonwealth Preparedness and the Virginia Department of Emergency Management.

Link to State Strategy

- nothing linked

Objective Measures

- Assess VRS' Continuity of Operations Plan (COOP) and determine an assessment score that reflects the percentage of 24 COOP requirements that our agency has completed. VRS' aim is to achieve a minimum of 75% compliance for our first assessment in 2007 and improve by 5% each year thereafter.

Measure Class: Measure Type: Measure Frequency: Preferred Trend:

Description: 2007 COOP Assessment Results (% out of 100)

Measure Target Value: Date:

Measure Target Description: Minimum of 75% or, if at 75%, increase the average by 5% each year

Data Source and Calculation: The COOP Assessment Review is a 24-component assessment tool that helps measure the viability of a COOP Plan. Assessment conducted in coordination with the Virginia Department of Emergency Management.