



# Annual Budget Presentation

Fiscal Year 2017 Proposal

Fiscal Year 2018 Estimate

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and

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September 19, 2016



# Agenda

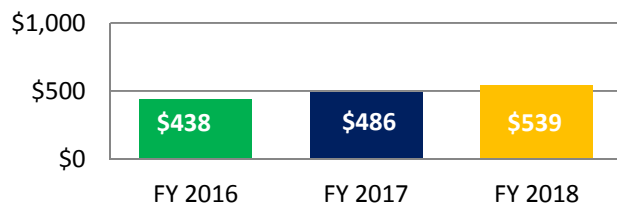
- TSP Plan Growth
- FY 2016 Review
- FY 2017 Budget Overview
- FY 2017 Budget Drivers
  - ✓ Steady State
  - ✓ Blended Retirement
  - ✓ Target Architecture Plan (TAP)
- Budget Summary



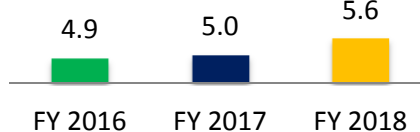
# TSP Plan Growth

(Average historical and estimated growth rate)

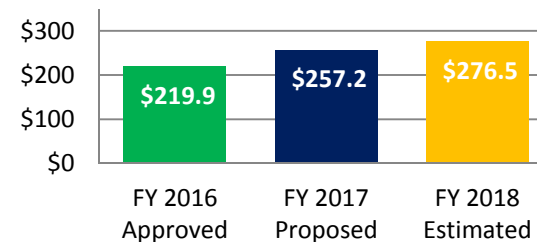
**Average Net Assets**  
in Billions (\$)



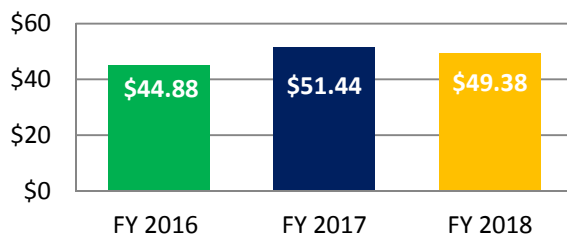
**Participants**  
in Millions



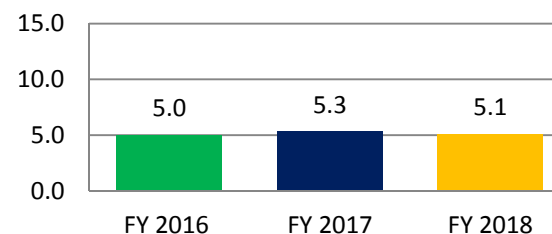
**Budget**  
in Millions (\$)



**Budget to Participant Ratio**  
in Dollars (\$)



**Budget to Assets Ratio**  
in Gross Basis Points



The key assumptions as of August 31, 2016 are:

- Asset values are the 50th percentile of results from simulation that sampled from historical average of TSP fund performance to model future returns.
- The simulation also modeled a range of potential FY 2018 changes in participant counts due to Blended Retirement.

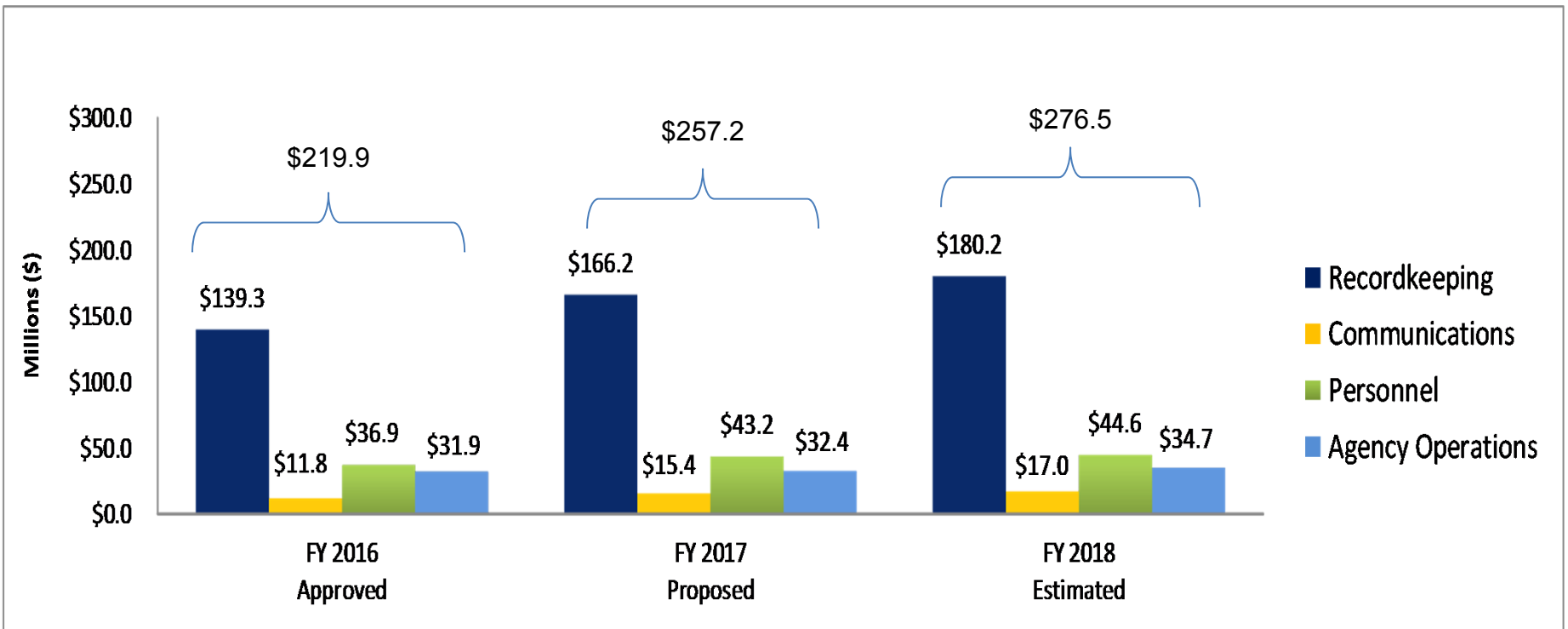


# FY 2016 Review

FY 2016 budget of \$219.9 million allowed FRTIB to effectively perform TSP and Plan operations while advancing key projects and strategic initiatives:

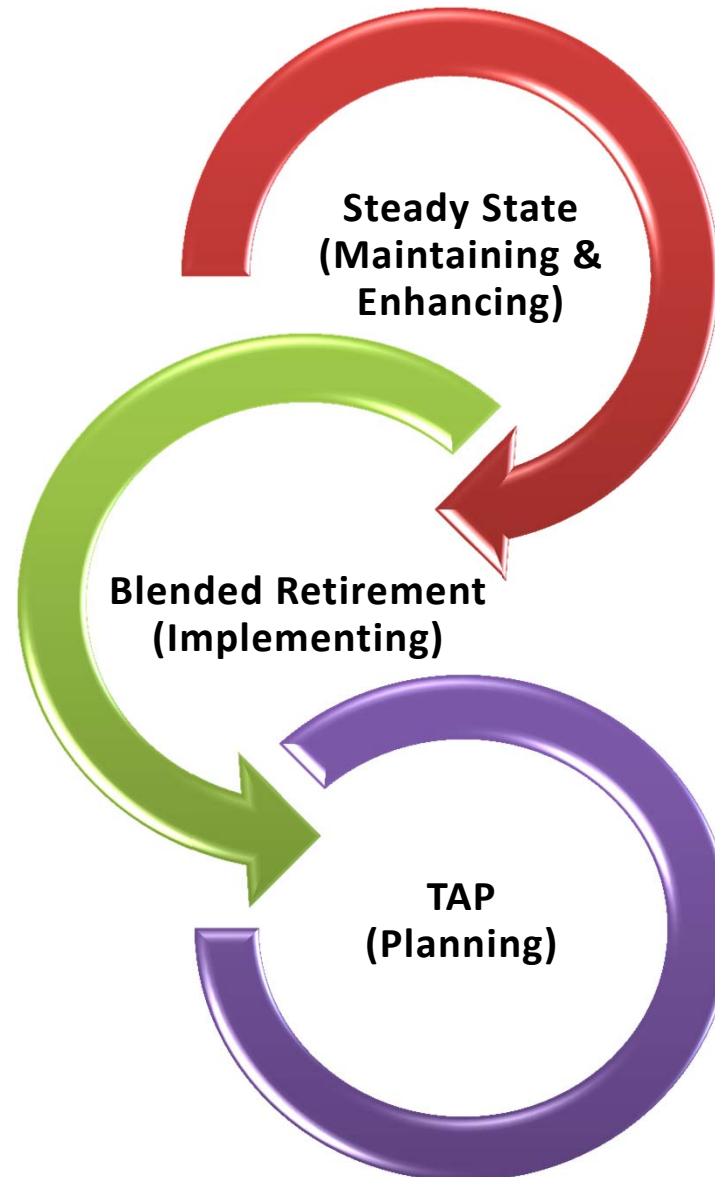
- ✓ Service to 4.9 million participants and beneficiaries
- ✓ Cybersecurity
- ✓ Improve Controls and Audit Findings Closure
- ✓ Blended Retirement
- ✓ Implemented Public Law 114-26 (The Defending Public Safety Employees' Retirement Act)

# FY 2017 Budget Overview





# FY 2017 Key Budget Drivers





# Steady State

Steady state encompasses all of the permanent and ongoing operations and maintenance functions required to run the Agency and Plan.

## Current Status:

- Recordkeeping and Agency Operations
- Capacity planning
- Enhancing cybersecurity
- Audit remediation
- Replacing outdated applications and servers

## Expected Outcomes:

- Maintain flawless operations
- New mainframe
- Strengthening cyber posture
- Enhanced audit readiness
- Upgrade & enhance current IT infrastructure
  - o Implement new Investment Operations applications
  - o Replace legacy data submission application



# Blended Retirement

The National Defense Authorization Act presented a statutory mandate for the Agency to implement the new Uniformed Services Blended Retirement Program by January 1, 2018.

## Current Status:

- Streamline key manual processes
- Address systems capacities
- Revise education and communication materials
- Improve website and other social media capabilities

## Expected Outcomes:

- Successful launch on January 1, 2018
- Enhanced participant support capabilities
- Increased capacity to support growing participant population





# Target Architecture Plan

The Agency will focus on planning for the Target Architecture Plan (TAP), which involved an in-depth analysis of alternatives and execution of an acquisition strategy for this effort.

## Current Status:

- Plan for the New Target IT architecture
- Define requirements
- Acquisition engagement

## Expected Outcomes:

- Begin execution of acquisition strategy

# Budget Summary

## ➤ FY 2016 budget re-cap

- On average, \$219.9M budget execution in alignment with projected allocation

## ➤ FY 2017 budget proposal

- 17% increase from FY 2016

## ➤ Seeking approval for \$257.2M

- Steady State and Blended Retirement

## ➤ Strategic Funding Request

- Potential mid-year funding request

## ➤ FY 2018 estimate for review

- TAP
- Cybersecurity

**Budget**  
in Millions (\$)

