

2016 - 2018

SERS Strategic Business Plan

The member is our ultimate customer



pennsylvania

STATE EMPLOYEES' RETIREMENT SYSTEM

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Vision

To navigate the organizational, fiscal, and legislative challenges so that SERS continues to progress toward fully-funded status while sustaining effective and responsive member services.

Mission

The mission of SERS is to provide retirement benefits and services to our members through sound administration and prudent investments.



Guiding Principles

Demonstrate Integrity

- Commit to honesty and truth in every facet of behavior
- Act ethically

Develop and Empower Employees

- Delegate meaningful responsibility, mentor others, and foster employee growth and development
- Provide and seek constructive feedback and clear expectations to facilitate employee success
- Recognize performance
- Be accountable and hold others accountable

Focus on Customer Service

- Provide accurate, complete and timely information
- Provide quality service at a reasonable cost
- Know and support your customers
- Educate members and employers as to their responsibilities

Fulfill Fiduciary Obligations

- Act solely and exclusively in the interest of the membership
- Comply with the Retirement Code and other applicable laws, policies and procedures
- Exercise prudent governance over the activities of third party advisors and other entities acting as agents in whom we place our trust

Lead Innovation and Improvement

- Pursue innovation and continuous improvement in quality and productivity
- Identify operational issues and pursue desirable changes
- Monitor and assess service delivery through continuous communication and feedback channels



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Guiding Principles

Learn from Mistakes

- Focus on solving problems not on assigning blame
- Improve processes to prevent recurrence of problems and mistakes

Safeguard Information, Facilities, and Staff

- Continuously assess information security
- Understand the importance of information and physical security
- Enforce information and physical security
- Respect the policies for system security, access and use
- Comply with internal controls

Share Knowledge

- Utilize technology infrastructure to support knowledge sharing
- Share information with others to add value to business operations and processes
- Support and encourage collaboration between departments

Think Strategically

- Envision future opportunities, from internal and external sources, that support SERS in its mission
- Keep abreast of changing trends, market opportunities, and competitive threats
- Identify strategic responses to issues facing SERS and its membership



Goals

Viability | Strategic Goal 1

Ensure that the Fund remains viable so that it can honor its obligations to all current and future commonwealth retirees.

Stewardship | Strategic Goal 2

Maintain efficient and effective control over funds entrusted to SERS.

Member Services | Strategic Goal 3

Provide accurate, consistent, and timely information, services and tools to help members to know what they need to know and do what they need to do.



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Strategies

Strategy 1

Implement Investment Plan

- Develop and implement an investment plan in order to ensure having adequate funds for benefit payments at the lowest cost to taxpayers.

Strategy 2

Modernize the State Employees Retirement Information System (SERIS)

- SERIS is the core business application used for maintaining member account information, processing member retirements, etc. The system was built using Oracle technology, implemented in 1995 and has been upgraded over the years. The version of Oracle Forms used for SERIS will no longer be supported after 2017. In order for SERIS to be supported and remain a robust system, SERS needs to modernize. This is a major initiative and the analysis and research has begun to develop the roadmap for SERS to use for this modernization.

Strategy 3

Develop Pension Reform Legislation

- Prior to implementation of pension reform, SERS will be providing data, research, and expertise to the legislators and the Governor if/when they request information.

Strategy 4

Implement Pension Reform Legislation

- If a pension bill is enacted, SERS will implement the legislation. Implementation will likely involve system changes to SERIS, as well as an appropriate level of communication to members and policy makers through web site, newsletters, counseling, annual publications such as annuitant statements and active member statements.



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Strategies

Strategy 5

Address and Meet External Authoritative Entities' Requirements

- IRS Determination:
 - Having received a letter of determination from the IRS, SERS will develop an implementation plan as appropriate.
- Governmental Accounting Standards Board (GASB 72):
 - The statement amends the GASB definitions of fair value, to be closely aligned with FASB Accounting Standards Codification Topic 820, as the selling price that would be received in an orderly transaction between willing participants at the reported date. This will require us to add an additional footnote to our financial statements to report fair value of investments at different levels based on reliability of valuation criteria effective December 31, 2016.

Strategy 6

Develop a Board Governance Manual

- A study is to be undertaken to benchmark SERS board, committee structure and policies against best practices of comparable large state pension funds. The outcome of the study will be the development of a comprehensive governance manual that provides a framework of SERS board, its committees, duties, powers and responsibilities. The study will include development of a process to ensure that governance policies are being followed.

Strategy 7

Address and Complete Annual Recurring Processes (Appendix 1)



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Appendix 1 - Annual Recurring Processes

Process Name	Process Lead	Technical/Subject Matter Expert Support	Begins Approximately Month/Day	Ends Approximately Month/Day
SERS Portion of Annual Commonwealth GAAP CAFR	Office of Finance Administration (OFA)	OFA (OCC- Responses to Letters of Audit Inquiry for GAAP CAFR and Single Audit)	July 1	July 31 (OCC – March of following year)
Annual Budget Submission	OFA	OFA	July 1	September 30
1099-R Testing	Office of Member Services (OMS)	OMS	July 31	August 31
Agency Strategic Plan	Executive Office (EO)	All Program Areas	September 1	November 15
Act 44 Divestment Reimbursement Request and Letter to the Board	Investment Office (IO), OFA	IO, OFA	September 15	October 31
1099-R Production, Reconciliation, Testing, and Issuance	OMS	OMS, OFA, OIT, Communications & Policy Office (C & P)	October 1	January 31
Global Markets Entity Identifier (GMEI) Interim Compliant Identifiers (CICI) Registration	Office of Chief Counsel (OCC)	OCC – Business Team	October 1	October 31
Annuitant Statement Production, Reconciliation, Testing, and Issuance	OMS	OMS, OFA, OIT, C & P	October 31	January 31
Committee of Sponsoring Organizations (COSO)/Internal Control Audit	Internal Audit	IO, OFA, OMS, OIT	November 1	April 30

See next page

Appendix 1 - Annual Recurring Processes (continued)

Process Name	Process Lead	Technical/Subject Matter Expert Support	Begins Approximately Month/Day	Ends Approximately Month/Day
Active Member Statement Production, Reconciliation, Testing, and Issuance	OMS	OMS, OFA, OIT, C & P	November 2	March 31
Tax Qualification Cumulative List Review	OCC	OCC	December 1	December 31
Bi-Annual Regulatory Agenda (EO 1996-1)	OCC	OMS/EO	December 1 May 1	February 1 July 1
Independent Audit	Internal Audit	OFA, IO, (OCC - Responses to Letters of Audit Inquiry)	Late December	June 10
Annual Actuarial Valuation	OMS	OCC	January 1	June 30
Annual Actuarial Valuation of the Benefits Completion Plan	OMS	OCC	January 1	June 30
Annual Report of Benefits Litigation	OCC	OCC	January 1	January 31
Budget Hearing Supplemental Book	OFA	OFA, IO, OMS, OCC, EO, C & P	January 2	February 15
Comprehensive Annual Financial Report Issuance and DCP Financial Statement Issuance	OFA	OFA, IO, OMS, OCC, EO, C & P	January 20	June 20
Non-regulatory Catalog of Documents (EO 1996-1)	EO	All Bureaus and Directors/ OCC	May 1	June 15

Note – The Five Year Actuarial Investigation and Evaluation is a recurring process not listed here since it does not recur on an annual basis.

Appendix 1 - Annual Recurring Processes Chart

