

## Agency Strategic Plan

## Virginia Retirement System (158)

3/13/2014 10:05 am

Biennium: 2010-12 ▼

## 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

- Productivity and Quality Management  
*"Looks for ways to improve and promote quality and production ·Generates suggestions for improving work ·Develops innovative approaches and ideas ·Demonstrates accuracy and thoroughness*
- Customer Service  
*"Responds promptly to customer needs ·Solicits customer feedback to improve service ·Manages difficult or emotional customer situations*
- Open Communication  
*"Focuses on solving conflict, not blaming ·Encourages open expression of ideas and opinions ·Creates an atmosphere in which timely and high-quality information flows smoothly throughout the agency*
- Coaching  
*"Works to improve the performance of others ·Facilitates their skill development by providing clear feedback, making specific suggestions for improvement, and reinforcing effective behaviors or results*

## 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*

VRS fulfilled its Agency Performance Outcomes (APOs) for the biennium. VRS outperformed its benchmarks for the FY 2008-2010 biennium, exceeding its standards for paying benefits accurately and on time, processing retirement and other applications and many other critical business functions on behalf of our members, retirees and employers.

VRS continued to exceed its benchmarks for operations. VRS' activities are benchmarked against 52 other global pension systems. CEM Benchmarking, Inc, a researching and assessment service for national and international public pension systems, gathers performance data from the participating pension systems and publishes annual benchmarking analysis. VRS' total adjusted administration cost was \$44 per active member and annuitant compared to a peer group average of \$76 for public pension systems participating in the CEM.

**Initiatives, Rankings and Customer Trends**

- *Summary of Major Initiatives and Related Progress*

VRS administrative staff implemented the following key initiatives:

Launched a comprehensive retirement planner in myVRS, a secure online system that provides members and their employers access to member information. Members can create a detailed plan, customized with their VRS benefit

estimate, 457 Plan savings and other information.

Created secure online access for retirees through myVRS. Retirees can access benefit payment information, benefit payment history, direct deposit bank account information, cost-of-living adjustments, tax withholdings, health and life insurance and the health insurance credit.

Began managing the Virginia Sickness and Disability Program Long-Term Care program as a self-funded plan for state employees participating in VSDP, seeded with a return of reserves from the previous insurance carrier of \$21 million.

Automatically enroll newly hired and rehired state employees in the Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match Plan.

Unitization of the VRS Trust Fund, in collaboration with the Investment Division, to allow defined contribution plan members to purchase shares in the VRS Investment Portfolio (VRSIP).

Preparing for Senate Bill 1166, which provided increased retirement benefits for a number of law enforcement groups and made enhanced coverage for all deputy sheriffs mandatory effective July 1, 2008.

- *Summary of Virginia's Ranking*

VRS is the 24th largest public or private pension system in the United States.

For over 27 years, the Government Finance Officers Association of the United States and Canada awarded VRS a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial reports. 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 received its fifth Achievement Award from the Public Pension Coordinating Council (PPCC). The award recognizes VRS for excellence in meeting the Public Pension Standards. The purpose of the award is to promote high professional standards for public employee retirement systems and publicly commend systems that adhere to these standards.

The National Association of Government Defined Contribution Administrators (NAGDCA) recognized VRS with the first ever Leadership Recognition Award of Distinction for outstanding achievement in the field of government defined contribution administration and plan design. The award recognized VRS for its communication program and plan design developed for the implementation of automatic enrollment in the Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match Plan for newly hired and rehired state employees.

- *Summary of Customer Trends and Coverage*

[Nothing entered]

### Future Direction, Expectations, and Priorities

- *Summary of Future Direction and Expectations*

VRS will continue work on its long-range modernization program. This program will organize the agency around a single view of the customer with "no wrong door" to benefits and services. Members and retirees will be able to interact with the Virginia Retirement System through their preferred channel, whether in-person, by telephone or through web-based self services. Modernization includes improvements in the efficiency of workflow processes and streamlining processes and services for VRS customers.

- *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 51.1 Code of Virginia  
 Governance - Board of Trustees appointment and responsibilities 124.20 - 124.22  
 Governance - Advisory committees' appointment and responsibilities 124.25 - 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 accounts 144, 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**

<b>Customer Group</b>	<b>Customers served annually</b>	<b>Potential customers annually</b>
Active Members	346,929	362,129
Employers	821	808
Inactive and Deferred Members	107,551	121,774
Retirees	141,746	148,801

*Anticipated Changes To Agency Customer Base*  
 [Nothing entered]

**Partners**

<b>Partner</b>	<b>Description</b>
Medical Board	Makes recommendations to approve or deny disability retirements.
Social Security Advocacy Groups	

Third Party Administrators	Service programs to such as the life insurance programs, the sickness and disability program, defined contribution plans, etc.
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**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:*  
 [Nothing entered]

**Finance**

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

	FY 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$28,000	\$61,408,797	\$28,000	\$61,408,797
Change To Base	\$0	\$0	\$0	\$0
Agency Total	\$28,000	\$61,408,797	\$28,000	\$61,408,797

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

**Human Resources**

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

Effective Date	7/1/2009
Total Authorized Position level	301

Vacant Positions	-21	
<b>Current Employment Level</b>	<b>280.0</b>	
Non-Classified (Filled)	0	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	280	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	37	
Contract Employees	2	
<b>Total Human Resource Level</b>	<b>319.0</b>	= Current Employment Level + Wage and Contract Employees

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

**Information Technology**

- **Current Operational IT Investments:**  
[Nothing entered]
- **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
<b>Estimated VITA Infrastructure</b>	\$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
<b>Agency IT Current Services</b>	\$0	\$1,861,913	\$0	\$1,889,841

*Comments:*  
[Nothing entered]

- **Proposed IT Investments**

Estimated Costs for Projects and New IT Investments

<b>Cost - Year 1</b>	<b>Cost - Year 2</b>
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	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
<b>Total Proposed IT Investments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

• *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
<b>Total</b>	<b>\$0</b>	<b>\$1,861,913</b>	<b>\$0</b>	<b>\$1,889,841</b>

[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 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, polices 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.

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## Service Area Strategic Plan

**Virginia Retirement System (158)**

3/13/2014 10:05 am

Biennium: 2010-12 ▼

## 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' 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	346,929	362,129
Employers	Employers	821	808
Inactive and Deferred Members	Inactive and Deferred Members	107,551	121,774
Retirees	Retirees	141,745	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 2011		FY 2012		FY 2011	FY 2012	FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund				
Base Budget	\$28,000	\$9,765,749	\$28,000	\$9,765,749				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$28,000	\$9,765,749	\$28,000	\$9,765,749				
Base Budget	\$28,000	\$9,765,749	\$28,000	\$9,765,749				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$28,000	\$9,765,749	\$28,000	\$9,765,749				
Base Budget	\$28,000	\$9,765,749	\$28,000	\$9,765,749				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$28,000	\$9,765,749	\$28,000	\$9,765,749				

**Human Resources**

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

Effective Date	8/1/2009	
Total Authorized Position level	122	
Vacant Positions	4	
<b>Current Employment Level</b>	<b>118.0</b>	
Non-Classified (Filled)		breakout of Current Employment Level
Full-Time Classified (Filled)	118	
Part-Time Classified (Filled)		

Faculty (Filled)	
Wage	25
Contract Employees	0
<b>Total Human Resource Level</b>	<b>143.0</b>

= 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 agency operational standards.

**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**

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

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Call Center Abandoned Rate

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

Measure Baseline Value:  Date:

Measure Baseline Description: 3.99%

Measure Target Value:  Date:

Measure Target Description: No greater than 5%.

Data Source and Calculation: A report is generated which details 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.

- Number of days to process refunds.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 7 days

Measure Target Value:  Date:

Measure Target Description: Process in 60 days or less.

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.

- Percentage of VRS members reported by the due date.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 99%

Measure Target Value:  Date:

Measure Target Description: 90% of members reported.

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.

- Number of days to process disability retirements after medical review board approval.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 12 days

Measure Target Value:  Date:

Measure Target Description: 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.

- Percentage of monthly employer payrolls processed within 30 days of the due date.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 99.18%

Measure Target Value:  Date:

Measure Target Description: 96% of employer payrolls 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.

- Number of days to process a Purchase of Prior Service Application.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 5 days

Measure Target Value: 30days Date: 6/30/2012 Measure Target Description: 30 days or less.

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).

- Retirement Estimates completed in less than designated timeframe.

Measure Class: Agency Key Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Down

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 13 days

Measure Target Value: 30days Date: 6/30/2012

Measure Target Description: 30 days or less.

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

- Percent of monthly retirement payrolls issued no later than the first day of the month.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Maintain

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 100%

Measure Target Value: 100 Date: 6/30/2012

Measure Target Description: 100% Monthly retirement payrolls issued

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

- Number of days to process Service Retirement applications.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Down

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 18 days

Measure Target Value: 60days Date: 6/30/2012

Measure Target Description: 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.

- Percent of service retirement cases placed on payroll without intervention to adjust service.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Maintain

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 99.68%

Measure Target Value: 98 Date: 6/30/2012

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.

- Percent of service retirements processed without an interruption in the retiring member's income stream.

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Up

Measure Baseline Value: Date: 6/30/2009

Measure Baseline Description: 97.53%

Measure Target Value: 85 Date: 6/30/2012

Measure Target Description: 85% no interruption

Data Source and Calculation: Calculation: Two report programs are obtained to compute the timing of benefits payments issued on the first date eligible.

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Service Area Strategic Plan

**Virginia Retirement System (158)**

3/13/2014 10:05 am

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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	346,929	362,129
Inactive and Deferred Members	Inactive and Deferred Members	107,551	121,774
Retirees	Retirees	141,746	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*

- 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 2011		FY 2012		FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund		
Base Budget	\$0	\$18,075,150	\$0	\$18,075,150		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$0	\$18,075,150	\$0	\$18,075,150		
Base Budget	\$0	\$18,075,150	\$0	\$18,075,150		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$0	\$18,075,150	\$0	\$18,075,150		

**Human Resources**

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

Effective Date	7/1/2009	
Total Authorized Position level	62	
Vacant Positions	12	
<b>Current Employment Level</b>	<b>50.0</b>	
Non-Classified (Filled)		breakout of Current Employment Level
Full-Time Classified (Filled)	50	
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage	2	
Contract Employees		
<b>Total Human Resource Level</b>	<b>52.0</b>	= Current Employment Level + Wage and Contract Employees

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

### Service Area Objectives

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- Operational Standards.

#### Objective Description

Maintain agency operational standards.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Asset allocations are monitored based on trust fund policy.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 100%

Measure Target Value:  Date:

Measure Target Description: 100% allocation of trust funds

Data Source and Calculation: Asset allocation targets are established using an asset-liability analysis designed to determine an acceptable volatility target for the fund and an optimal asset allocation policy mix. The asset-liability analysis considers both sides of the VRS balance sheet in order to estimate the potential impact of various asset class mixes of key measures of total plan risk.

- Investment Return to exceed 3-year total fund benchmark.

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

Frequency Comment: Intermediate Total Fund Benchmark

Measure Baseline Value:  Date:

Measure Baseline Description: -3.2

Measure Target Value:  Date:

Measure Target Description: The target is based on the industry.

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

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## Service Area Strategic Plan

## Virginia Retirement System (158)

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## 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, etc.) 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 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$33,567,898	\$0	\$33,567,898
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$33,567,898	\$0	\$33,567,898

**Human Resources**

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

Effective Date	8/1/2009	
Total Authorized Position level	117	
Vacant Positions	5	
<b>Current Employment Level</b>	<b>112.0</b>	
Non-Classified (Filled)		} breakout of Current Employment Level
Full-Time Classified (Filled)	112	
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage	10	
Contract Employees	2	
<b>Total Human Resource Level</b>	<b>124.0</b>	= Current Employment Level + Wage and Contract Employees

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

**Service Area Objectives**

- 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.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Solution Design

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

Measure Baseline Value:  Date:

Measure Baseline Description: This is a new measure.

Measure Target Value:  Date:

Measure Target Description: 100% Project plan

Data Source and Calculation: This measure will be determined by the support of activities detailed in the project plan.

- Operational Standards

#### Objective Description

Maintain agency operational standards.

#### Alignment to Agency Goals

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

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Administrative Cost per Active Member and Annuitant

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: Cost not to exceed the peer group median cost.

Data Source and Calculation: The administrative cost is derived from benchmarking data received from CEM Benchmarking, Inc., a research and assessment service for national and international public pension systems.

- Percentage of system availability for all critical business systems.

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

Measure Baseline Value:  Date:

Measure Baseline Description: 99.47% availability

□ □

Measure Target Value: 99 Date: 6/30/2012 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.

- Percentage of employees completing professional development opportunity to enhance performance and support succession planning.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Up

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 92% of Employees completing training

Measure Target Value: 80 Date: 6/30/2012

Measure Target Description: 80% of Employees completing training each fiscal year.

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

- Percentage of member workflow documents imaged within 24 hours.

Measure Class: Other Measure Type: Outcome Measure Frequency: Quarterly Preferred Trend: Maintain

Measure Baseline Value:  Date: 6/30/2009

Measure Baseline Description: 97.67% imaged

Measure Target Value: 95 Date: 6/30/2012

Measure Target Description: 95% of documents 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.

- 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