



## 2022 - 2024 Strategic Plan

Prepared and Submitted for Review: May 24, 2021  
Adopted by ERFC Board of Trustees: May 28, 2021



Enter Retirement Feeling Confident

8001 Forbes Place, Suite 300 Springfield, VA 22151-2205 [www.fcps.edu/erfc](http://www.fcps.edu/erfc)

## Letter from ERFC Executive Director and Chief Investment Officer

The ERFC 2022 – 2024 Strategic Plan is the result of a three-month collaborative process between ERFC leadership and ERFC’s Board of Trustees. During this process, strengths, opportunities, and industry best practices were analyzed resulting in four strategic priorities: Sustainability, Engagement, Education, and Operational Excellence. During this process, we also refined our vision and solidified our core values and prudent management practices.

With the commitment of our dedicated employees, our leadership team, our Board of Trustees, and working with our Fairfax County school system partners we can meet our priorities and achieve the objectives set forth in this plan.

I am committed to making ERFC the best supplemental retirement system for Fairfax County educational employees and their beneficiaries.



A handwritten signature in black ink that reads "Eli Martinez". The signature is written in a cursive style with a long, sweeping underline.

Eli Martinez  
ERFC Executive Director and Chief Investment Officer



## ERFC Mission, Vision and Values

It is our mission to enhance the financial security of our members and our vision is to be the leader among our peers providing professional, personalized services to our members and their beneficiaries.

### ERFC Mission

The **ERFC mission** is to enhance the financial security of our members through prudent financial stewardship of a defined benefit plan while providing outstanding retirement services and education.

### ERFC Vision

To be the leader among peers providing professional and personalized service to our members and beneficiaries to support their efforts to achieve financial independence.

### Values

**Accountability | Customer Service | Open Communication | Integrity | Continuous Education**

## Our Values and Prudent Management Principles

Our values and management principles drive what we do every day to meet our mission requirements and work towards our vision.

### Values

#### Accountability

We always operate with transparency and a commitment to think strategically while fulfilling fiduciary obligations.

#### Customer Service

We always respond promptly with quality as we strive to exceed the expectations of our members and their beneficiaries.

#### Open Communication

We provide timely and pertinent information that improves processes, removes barriers and establishes accountabilities.



### Integrity

We conduct operations by adhering to the highest standards of ethical conduct, striving for accuracy, efficiency and effectiveness.

### Continuous Education

Through ongoing education efforts, we enable ERFC employees to continuously improve the service and value they provide to our members; our Board of Trustees to more effectively guide and inform ERFC strategy; and our members to better understand and maximize their ERFC benefits.

## Prudent Management Principles

### Adequate Funding

To maintain adequate funding of all promised benefits, and to ensure the financial integrity of the System.

### Prudent Investments

To adopt comprehensive objectives, methods for evaluation of performance, and policies that ensure the highest possible investment return consistent with the prudent investment of plan assets.

### Actuarial Studies

To have an annual actuarial valuation performed by an enrolled actuary in accordance with actuarial standards and to implement an actuarial experience study at least every five years.

### Annual Reports

To keep, as part of the public record, annual financial, actuarial and investment information that will be available for members and elected officers.

### Financial Audits

To prepare an annual financial statement in accordance with generally accepted accounting principles, and to implement an annual audit of the System's financial statement in accordance with generally accepted auditing standards.



## Priority 1: Sustainability

### Goal 1: Reduce Fees and Increase Risk-Adjusted Returns

#### Strategy 1.1: Improve Financial Status of the Organization

For the next three years, continue maintaining a stable, sustainable fund for our members and their beneficiaries is our top priority. We will continue to employ best practices for pension fund management and always seek to improve the financial status of the plan.

##### *Initiative 1.1.1: Revise the Auditing Process*

In addition to adhering to best practices, there is a need to examine and update our audit processes to improve the efficiency, quality and throughput of benefit estimates and claims so Members continue to receive exactly what they are entitled. This initiative stems from data issues when ERFC converted to Pension Gold in 2012, as well as legacy practices over the past twenty years. The Green Belt project, *Final Estimate*, is aiming to reduce cycle time, have less errors, reduce waiting times, and result in happier members. Revising the audit process will build from this work.

### Goal 2: Improve Overall Governance

#### Strategy 2.1: Explore Opportunities for Improvement

Building from existing governance documents and processes, seek ways to improve, especially as the ERFC fund has grown in size over the last three years.

##### *Initiative 2.1.1: Review Existing Documents and Processes*

During FY2023, ERFC staff and Trustees will explore opportunities to improve plan governance, including Trustee succession planning.

##### *Initiative 2.1.2: Execute an RFP Process for Legal Counsel*

Continue establishing strong fiduciary practices that enable ERFC to look at legal relationships on an ongoing and cyclical basis is important to scan for opportunities as the Board deems necessary. This process will also ensure ERFC and its members are receiving competitive pricing and service.

#### Strategy 2.2: Conduct Continuous Benchmarks with New "Peers"

It is important to continuously compare with peers in order to achieve our vision of becoming leaders among peers. To enable this, we will conduct two initiatives."



### *Initiative 2.2.1: Establish On-going Relationship with CEM*

CEM is the only organization that collects detailed information on pension plans. Detailed comparison reports will provide benchmarking in the areas of customer service and investments, which should enable continual improvement as our fund and membership grow.

### *Initiative 2.2.2: Continue Updating In-house Benchmarking Comparisons*

During the implementation of our current strategic plan, we improved our in-house capability of benchmarking. This initiative will enable ERFC staff to compare ERFC to our most similar peers—giving us an additional reference point.

## **Measuring Priority 1: Sustainability**

For this priority, we will ensure plan sustainability and maximize risk-adjusted returns by measuring ourselves on key performance indicators recommended by the National Conference on Public Employee Retirement Systems (NCPERS), including:

- Net annual Investment Return
- Funded Ratio (assets/liabilities)
- Total Fund Assets Available
- Active Membership
- Costs

## **Priority 2: Engagement**

### **Goal 3: Improve Engagement with All Stakeholders**

#### **Strategy 3.1: Strengthen Engagement**

ERFC has improved its communications and engagement with its members and beneficiaries over the past three years and our aim is to improve engagement with all our stakeholders.

### *Initiative 3.1.1: Continuously Improve the Ambassador Program*

ERFC and FCPS has grown the number of Ambassadors over the past three years and our aim is to continuously improve the program, increase attendance at awareness sessions, and to recruit more Ambassadors, and leverage them as a resource. Some schools do not have Ambassadors, for example. Going virtually during the pandemic as improved our ability to get the message out to more members. Having more Ambassadors to talk to in schools will further strengthen our member engagement.



### *Initiative 3.1.2: Evolve Engagement with School Administration*

FCPS and school leadership are vital to growing awareness of the benefit of the plan and recruiting Ambassadors. Administrators will be key to have a place and time for members to meet with their Ambassadors.

### *Initiative 3.1.3: Refine Messaging to Member Segments*

ERFC has made progress over the past three years to simplify and clarify messaging to our members. This initiative is to build off this progress and continue to refine our messaging, enhance cross-channel communication vehicles, and tailor our messages to member segments. ERFC members vary in their interest in understanding the value of the plan (e.g., new teachers, mid-career teachers, and near retirement teachers). Using tailored messages is one way to meet the needs of different member segments. Educating membership on the value of their two pensions and encouraging them to stay within FCPS in order to receive the ERFC pension are important outcomes.

## Measuring Priority 2: Engagement

For this priority, we will measure our success in several ways, including:

- Member feedback
- Ambassador feedback
- Number of Ambassadors

## Priority 3: Education

### Goal 4: High-quality Trustee Education

Our third priority over the next three years is to build on the educational foundation we have laid over the past three years.

#### Strategy 4.1: Continue Trustee Education

##### *Initiative 4.1.1: Develop Pre-recorded Modules*

Enabling self-paced learning is the aim of this initiative. Trustees can watch or re-watch a variety of educational pieces when they can carve time out separate from educational sessions during Trustee meetings.

##### *Initiative 4.1.2: Walk Trustees Through the Retirement Process*



“Walking in the shoes” of an ERFC member nearing retirement will help the Trustees’ understanding of the process, as well as provide an opportunity for greater empathy. The *Counseling Session* Green Belt project is focused on several improvements that will increase efficiency, decrease staff stress, and make the process easier for the soon to be retired teacher. For this initiative, Trustees will be walked through the current process as their schedule allows *and* after the Counseling Session project’s changes have been implemented. In this way, the Trustees will see the before and after.

### Measuring Priority 3: Education

For this priority, we will measure success based on:

- Member feedback of counseling sessions
- Trustee feedback and usage of the pre-recorded modules

## Priority 4: Operational Excellence

### Goal 5: Operate Efficiently and Effectively

Over the past three years, ERFC has invested in training staff in leading edge process improvement techniques and many Green Belt projects have been launched. ERFC wants to build on the investment and continually look for ways to better serve our members.

#### Strategy 5.1: Complete Existing Green Belt Projects

Several projects have already been completed, but not implemented, or will be completed prior to the adoption and implementation of this new strategic plan. This strategy is to implement Green Belt projects and continue feeding the pipeline of projects over the next three years. These projects will improve member service, save or avoid costs, and reduce staff level of effort.

#### Strategy 5.2: Seek Other Improvement Opportunities

Over the coming three years there will be other opportunities to leverage the skills existing staff have gained by executing their Green Belt projects. As new staff on-board to ERFC, there may be additional opportunities to improve ERFC operations.

#### Strategy 5.3: Scope Out ERFC Direct Redesign

Redesigning the software of ERFC is a major undertaking and it is prudent to make sure the scope, cost, and time are estimated prior to initiating such a complex redesign.





#### *Initiative 5.3.1: Execute a Process for an IT Consultant*

With a small IT staff, ERFC would like to augment its capability by hiring outside expertise. This initiative will do just that. The result of this initiative would be a more accurate estimate of time, level of effort, costs and the identification of risks to inform ERFC leadership, ERFC Trustees, and FCPS.

#### Measuring Priority 4: Operational Excellence

For this priority, we will measure success based on:

- Efficiency of our workflows
- Effectiveness of our processes
- Improved service to members and beneficiaries

## Strategic Plan Implementation and Governance

This three-year strategic plan will be managed by ERFC leadership working collaboratively with ERFC staff. As needed, the implementation plan will be adjusted by ERFC leadership. ERFC leadership will report progress and update the Board of Trustees on an annual basis.



## Notional Timeline of Activities



Priorities & Initiatives	ERFC FY2022 - FY2024 Strategic Plan - DRAFT									
	FY22			FY23			FY24			
	7/1/2021 - 12/31/2021	1/1/2022 - 6/30/2022	7/1/2022 - 12/30/2022	1/1/2023 - 6/30/2023	7/1/2023 - 12/30/2023	1/1/2024 - 6/30/2024				
<b>Priority: Sustainability</b>										
<b>Goal 1: Reduce Fees &amp; Increase Risk-Adjusted Returns</b>										
<b>Strategy 1.1 Improve Financial Status of the organization</b>										
Initiative 1.1.1: Revise the Auditing Processes										
<b>Goal 2: Improve Overall Governance</b>										
<b>Strategy 2.1 Explore Opportunities for Improvement</b>										
Initiative 2.1.1: Review Documents and Processes										
Initiative 2.1.2: Execute an RFP Process for Legal Counsel										
<b>Strategy 2.2: Conduct Continuous Benchmarks with New "Peers"</b>										
Initiative 2.2.1: Establish On-going Relationship with CEM										
Initiative 2.2.2: Continue Updating In-house Benchmarking Comparisons (carry-over from current plan)										
<b>Priority: Engagement</b>										
<b>Goal: Improve Engagement with All Stakeholders</b>										
<b>Strategy 3.1: Strengthen Engagement</b>										
Initiative 3.1.1: Continuously Improve the Ambassador Program										
Initiative 3.1.2: Evolve Engagement with School Administration										
Initiative 3.1.3: Refine Messaging to Member Segments										
<b>Priority: Education</b>										
<b>Goal: High-quality Trustee Education</b>										
<b>Strategy 4.1: Continue Trustee Education</b>										
Initiative 4.1.1: Develop Pre-recorded Modules										
Initiative 4.1.2: Walk Trustees Through the Retirement Process										
<b>Priority: Operational Excellence</b>										
<b>Goal 5: Operate Effectively and Efficiently</b>										
<b>Strategy 5.1: Complete Existing Green Belt Projects</b>										
Counseling Sessions										
Estimate Redesign										
Redeposits and Electronic Payments										
Separations										
Transmittal										
<b>Strategy 5.2: Seek Other Improvement Opportunities</b>										
<b>Strategy 5.3: Scope out ERFC Direct Redesign</b>										
Initiative 5.3.1: Execute an RFP Process for an IT Consultant										