



2018 – 2021 Strategic Plan

Prepared and Submitted for Review: May 10, 2018
Adopted by ERFC Board of Trustees: May 17, 2018



Letter from ERFC Executive Director and Chief Investment Officer

The ERFC 2018 – 2021 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, Marketing, Messaging and Education. 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 fluid and cursive, with a long horizontal flourish extending to the right.

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.

Strategic Priority 1: Sustainability

For the next three years, maintaining a stable, sustainable fund for our members and their beneficiaries is our top priority. Establishing a cyclical RFP process for key ERFC service providers increases fiduciary oversight. The General Investment Consultant (GIC) RFP is the first step in this cyclical best practice and will drive all other investment related best practice activities.

Sustainability Strategy Details			
Strategies	Initiatives	Measures	Timeline
1.1 Continuously apply best practices to improve fund sustainability, balance risk/reward, and overall governance.	1.1.1 Develop an RFP for the General Investment Consultant (GIC) Contract	Net annualized investment return (relative to assumptions and benchmarks)	Sep.2018 - May 2019
	1.1.2 Revise the Investment Policy Strategy (IPS)		Jun. 2019 - Sep. 2019
	1.1.3 Develop a Consultant Oversight Policy	Funded ratio (assets/liabilities)	Sep. 2019 - Dec. 2019
	1.1.4 Develop an RFP for the Actuary	Future benefits owed (actuarial accrued liabilities)	May 2018 - Sep. 2018
	1.1.5 Develop an RFP for Private Markets	Net assets available	Jan. 2020 - Jul. 2020
	1.1.6 Develop and RFP for Custody	Costs (total and unit costs)	Oct. 2020 - Apr. 2021
	1.1.7 Improve Cash Flow Predicatability	Risks (Market, Credit, Operational and Asset/Liability)	May 2018 - Oct. 2018
	1.1.8 Continuously Seek Ways to Reduce Fees & Increase Risk Adjusted Returns		On-going
1.2 Continuously Develop Opportunities for ERFC Staff to Grow Skill Sets and Advance Their Careers	1.2.1 Create a Staff Development Plan	Staff Retention	Jan. 2019 - Jun. 2019
	1.2.2 Revise Auditing Processes	Processing accuracy and timeliness	Oct. 2018 - May 2019
	1.2.3 Develop Succession Plans		May 2018 - Dec. 2018
1.3 Explore Ranking Sources Other than RVK for Benchmarking	1.3.1 Conduct Research	Peer comparisons	Jun. 2018 - Nov. 2018
	1.3.2 Ensure Comparisons are "Apples to Apples"		Dec. 2018 - Jun. 2019
	1.3.3 Make Recommendations to Trustees		Jul. 2019

Having and maintaining a capable, strong staff is another key factor in sustainability. ERFC's investment in staff development, cross-training and continued focused education will lead to greater effectiveness and drive efficiency.

Relying on "self-reported" information is insufficient to understand how we stack up against a true "peer group." It is important for us to explore other ranking sources so we can ensure that we are truly comparing ERFC performance to our peers.



We will measure ourselves on a number of key performance indicators recommended by the National Conference on Public Employee Retirement Systems (NCPERS). We will adjust our schedule based on managing competing demands and available resources.

Strategic Priority 2: Marketing

ERFC has established an “ambassador” program to enhance teacher-to-teacher communications on the value of the supplemental benefit. To enhance this program, as well as to continually improve our ability to communicate the value of the benefit, our second strategic priority over the next three years is Marketing. It is important to tailor our marketing materials and events to the career stage of FCPS teachers. Tailoring messages to teachers at every careerstage will improve our ability to communicate the right message at the right time in the right way, no matter who is delivering the message, whether a school ambassador, a Retirement Counselor (RC), a Retirement Associate (RA) or a Trustee.

Marketing Strategy Details			
Strategies	Initiatives	Measures	Timeline
2.1 Working in collaboration with our FCPS and other stakeholders, continuously improve and refine our marketing to our members to educate them on the value of this supplemental benefit	2.1.1 Develop a Marketing Plan for All Member Segments	Member Satisfaction	Jun. 2018 - Nov. 2018
	2.1.2 Develop a FCPS Key Relationship Plan		May 2018 - Jul. 2018
	2.1.3 Improve School Visits & Awareness Sessions	ERFC Direct Registrations	Dec. 2018 - Sep. 2019
	2.1.4 Continue Maintaining Good Relationships with All Stakeholders	FCPS Feedback	Oct. 2018 - Apr. 2021
	2.1.5 Support FCPS Recruiting and Retention Efforts		Aug. 2018 - Apr. 2021

We will also focus on improving our school visit program and our awareness session marketing materials.

In addition, working with FCPS recruiters and human resource department employees, we will enhance our marketing and messaging related to the total compensation package teachers receive, to assist FCPS officials in their recruiting and retention efforts.

We will continually improve our marketing materials based on member feedback and satisfaction, as well as FCPS feedback. Additionally, we will measure ourselves based on the increase in ERFC*Direct* member registration.



Strategic Priority 3: Messaging

Our third priority, Messaging, works hand in glove with our marketing priority. Straightforward, direct communications will enhance the ERFC brand and our image with stakeholders, as well as help in educating everyone on the value of the ERFC supplemental benefit. ERFC members vary in their interest in understanding the value of the plan. Using tailored messages is one way to meet the needs of different member segments.

Messaging Strategy Details			
Strategies	Initiatives	Measures	Timeline
3.1 Continuously simplify our communications internally and externally to our members and key stakeholders to improve members' understanding of their benefits.	3.1.1 Simplify Member Communication (in all forms)	Member Feedback	Nov. 2019 - Jan. 2020
	3.1.2 Develop a Communications Policy and Plan		May 2018 - Jul. 2018
	3.1.3 Develop a "One Page" Comparison of Plans		Apr. 2019 - Jun. 2019
	3.1.4 Continue to Maximize use of all Communication Resources		Aug. 2018 - Apr. 2021
3.2 Proactively Seek to Understand Members' Needs at Every Stage of the Career & Tailor Communications to Best Meet their Needs	3.2.1 Create Segment Specific Communication Materials	Member Feedback	Dec. 2018 - Mar. 2019
	3.2.2 Leverage Vested Members to help Educate Other Teachers and FCPS Staff on the Value of their Benefit	Number of Ambassadors	Nov. 2019 - Apr. 2020
	3.2.3 Enhance Cross-channel Communications	Ambassador Feedback	Jan. 2020 - Apr. 2021

We will also develop a clear set of policies for communication to members including topics, timing and methods of delivery. We will set a plan for standard communications and awareness events. We will develop a straightforward “one page” comparison of the plans which will enhance our ability to explain the plan differences. This one pager will be used by ambassadors and can be a “leave behind” at school visits.

Over time, we will enhance the use of cross-channel communications. For example, messaging the value of the benefit via our member newsletter, enhancing our website or leveraging FCPS communications.

We will continually refine our messaging based on feedback from members, ambassadors and other stakeholders. We will also track the number of employees who volunteer to serve as ambassadors.



Strategic Priority 4: Education

Our fourth priority over the next three years is focused on improving our Trustees’ abilities to perform their fiduciary and oversight roles. In general, Boards need time to develop and a key component is a solid understanding of the more “technical” investment terminology.

Education Strategy Details			
Strategies	Initiatives	Measures	Timeline
4.1 Provide On-going Orientation and Investment Education to Trustees	4.1.1. Develop a Trustee Education Plan	Trustee Feedback	Jun. 2018 - Sep. 2018
	4.1.2 Simplify Trustee Investment Reporting		Jul. 2019 - Oct. 2019
	4.1.3 Enhance & Revise Trustee Initial Orientation Training		Jan. 2020 - Jul. 2020
	4.1.4. Continuously Monitor the Need for & Deliver "Refresher" Training		Oct. 2018 - Apr. 2021

On an annual basis, we will develop a Trustee education plan, based on the current set of Trustee members, as their need for education will vary. For example, a newly elected Trustee from FCPS may need more investment education than a Trustee who has been in the role for three years. Likewise, for a newly appointed Trustee. We will enhance and revise our initial Trustee orientation program and materials. We will also simplify investment reporting for Trustees to the extent possible without jeopardizing their fiduciary responsibilities.

We will continually capture Trustee feedback on the education and training programs we provide. Trustees who receive approval for outside training will also be required to “bring back” and share their learning with the other Trustees as timing permits. The Trustees will leverage ERFC’s template for debriefing, which includes sections on what they learned, what they wanted to learn more about, and whether or not the Trustee would recommend others for the training. We will monitor the need for refresher training and adjust the education plan accordingly.

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 a quarterly basis.