



**THE STRATEGIC PLAN OF THE
INDIANA PUBLIC RETIREMENT SYSTEM
FOR FISCAL YEARS**

2022-2024

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INTRODUCTION

PROPELLING US FORWARD

The Indiana Public Retirement System's (INPRS) 2022 - 2024 Strategic Plan reflects the commitment to helping our members realize and secure their retirement dreams. The plan results from a collaborative process between our board of trustees and the INPRS executive team. The priority of this collaboration is to determine how best to serve the everchanging and growing INPRS community at large. Their unbridled eagerness and passion to contribute energy and ideas inspire and empower our team to deliver exceptional services for our participating members, employers, and retirees.

Each year, our leadership team engages in an established process to evaluate and build a thoughtful and relevant plan for the future of our organization and the members and employers we serve. The planning process begins with assessing the major risks and opportunities facing INPRS. The process also identifies our many internal strengths. Additionally, we solicit valuable information and feedback from internal and external stakeholders to help us develop this plan.

The INPRS team continues to deliver top-tier service levels year over year as measured and reported by CEM Benchmarking Inc. This independent research firm ranks pension plan performance in various service and cost categories. INPRS achieved a service score of 95/100, which places us as the top pension plan in our peer group.

Upholding our commitment to our stakeholders, even in times of crisis, INPRS leadership and staff have proven agility and responsiveness during the recent Coronavirus pandemic. This dedication continues as we adapt our operation and services as we emerge from the pandemic. While the pandemic and its impacts are far from over, INPRS now has a year's worth of insights guiding new workplace strategies to improve business outcomes.

INPRS VISION

Engaged members able to realize their retirement dreams

The INPRS Vision is a forward-looking statement, creating a mental image of the ideal state we wish for our members. It is inspirational and aspirational and will lead the INPRS team to greater levels of service.

Our INPRS Vision maintains an organizational emphasis on member engagement and education. We do this while continuing our focus on being trusted to pay member benefits and fostering strong employer relationships. Our goal is to create a positive retirement experience for our members.

INTRODUCTION

INPRS MISSION

As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.

In support of our Vision Statement, our Mission Statement reflects a concise explanation of the INPRS's reason for existence, one which describes our purpose and overall intention in our role as a fiduciary. Additionally, our mission statement serves to communicate our purpose and direction to employees, members, employers, and other stakeholders.

In previous years, our Strategic Plan also included a set of Principles by which we made strategic decisions and completed our operational tasks. This year, the INPRS' executive staff decided to focus on our internal culture to develop critical core values for intentional culture transformation.

The INPRS Values Statement reflects the organization's beliefs about our staff, how we accomplish our work, and how we deliver services to our members and employers.

WHAT IS INPRS?

INPRS is a politically-independent, governmental, financial institution accountable to our members and citizens.

INPRS BELIEVES

People are the foundation of our success. It takes people with different backgrounds, ideas, and strengths to be successful.

Our people are...

- Models of Integrity - hold themselves accountable to the highest standards of ethical and professional behavior.
- Team Players – encourage and support others for the success of the team breaking down silos and connecting with our shared vision.
- Candid - believe in direct, respectful, and honest communication.
- Continuous Learners – eager to improve while having an open-mind to feedback and new ideas.
- Diligent – well-researched, risk aware, and transparent.

INTRODUCTION

Success is built upon...

- Trust - empowering our people to successfully fulfill their duties while providing them with training, support, and mentorship.
- Constructive Conflict - encouraging debate around ideas to arrive at the best solution.
- Commitment – dedicated to decisions and action plans.
- Accountability - setting clear expectations for people, roles, and teams and holding ourselves and each other accountable for results.

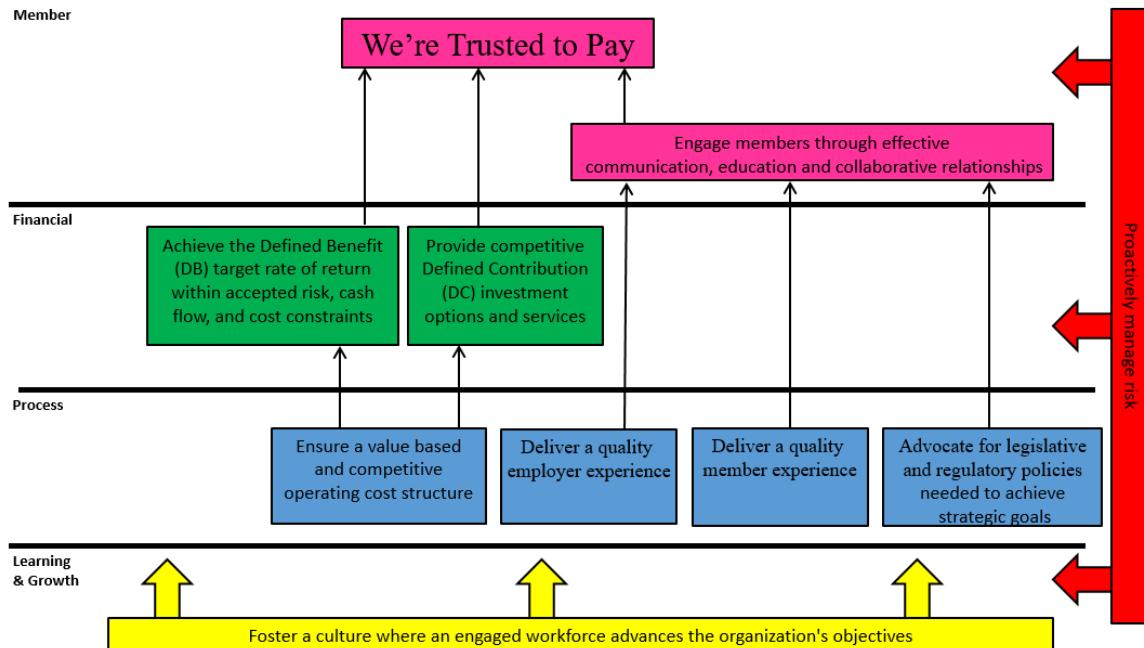
Balance in life is important. We strive to have a flexible and supportive environment while not sacrificing service to our members.

ENTERPRISE RISK MANAGEMENT

Enterprise risk management and sustainability continue to be important filters which we apply to check all of our strategies. Whether discussing cybersecurity, succession planning or evaluation of future trends, these filters guide our approach. They provide a primary perspective that links the nine strategic goals and are woven through the objectives and underlying initiatives in the business plan.

INPRS STRATEGY MAP

The INPRS Strategy Map is a pictorial representation of Strategic Goals outlined to achieve the INPRS vision and mission.



INTRODUCTION

MEMBER SERVICES

As in many areas of the INPRS organization, the Retirement Financial Education team faced the challenge of meeting rapidly evolving customer needs in a period of great stress. While the team had offered online services such as workshops and counseling for many years, member interest in anything but face-to-face assistance was minimal. However, with the advent of COVID-19, the team rapidly transitioned to offering all services remotely, none face-to-face.

To forecast the demand for services, INPRS' Voice of the Customer team reached out to retirement-eligible members to determine if the COVID-19 pandemic and resulting economic crisis impacted their retirement plans. Approximately 23% of those surveyed indicated they had changed their retirement plans. About 17% of that number indicated they had delayed their retirement.

However, the potential delays in retirements did not slow the demand for education. The fiscal year 2020 finished ahead of FY 2019 in terms of members served through education programs and counseling. In FY 2021, the number of members served was greater than FY 2019 and similar to FY 2020. Through FY 2021, monthly satisfaction with retirement counseling appointments averaged 99.3%. Satisfaction with group webinars averaged 89%, reflecting challenges some members experienced in mastering webinar technology.

The spread of COVID-19 resulted in a significant market downturn in the early days of the pandemic. Anticipating the concern this would have among active and retired members, INPRS launched an ongoing crisis communication response. This effort increased the frequency of communication, providing essential facts regarding the health of the pension system and INPRS' response to serving members in a new fashion. The communication results included improved member perception of the relevance communication received, with a survey rating that exceeded other peer pension systems.

Our 2022-2024 Strategic Plan reflects a continued focus on improving our engagement and overall service to our members through effective communication channels, educational opportunities, and collaborative relationships.

ASSET MANAGEMENT

The INPRS investment team is responsible for the prudent investment and management of approximately \$42.0 billion in assets across the defined benefit (DB) and defined contribution (DC) plans.

The Chief Investment Officer (CIO) and the DB investment consultant presented an asset allocation and target rate of return recommendation to the Board of Trustees. They ultimately approved both

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recommendations in Q4 of FY2021. The new asset allocation will be implemented in two phases: Public asset classes in the first year and private assets over the next five years.

This year's strategic plan builds upon investment research completed last year related to custom managed risk parity strategies, merits of direct real estate investing, and a recommendation for custodian services to INPRS's financial assets. New and relevant investment topics such as the role of cryptocurrencies in an institutional portfolio, alpha generation in public markets, and active risk management within the DC plan will be areas of focus this year.

CONTINUOUS IMPROVEMENT

INPRS strives to promote a culture of continuous improvement. Our employees engage throughout the organization in projects that identify opportunities to reduce complexities and risks in our processes and procedures, decrease costs, improve overall service and experience for our members and employers, and increase employee engagement and productivity.

INPRS had many accomplishments in FY2021 in support of these improvement and efficiency goals. One strategic priority focused on improving our long-term hiring practices for our Call Center Advocates. This priority focuses on maintaining appropriate staffing levels, retaining institutional knowledge, emulating our culture and values, and providing maximum user experience with our most skilled staff. Creating a positive experience for our members and employers is paramount. Therefore, these areas require an ongoing evaluation of service and satisfaction.

Today, we deliver various compartmentalized services to our members and employers to help them navigate through their retirement plan and plan administration, respectively. Our overall satisfaction results have been positive and can be dated a decade back. INPRS continues to look at service and educational delivery models and the ever-evolving demands of our stakeholders. This includes a strategic journey to create cohesive, all-encompassing service environments for both our members and employers. Our efforts are to provide, in part, a full range of service options, including improved plan enrollment features, education, real-time and actionable information, consistent messaging across all medium platforms, and the use of data-driven analytics to anticipate, if not predict, a stakeholder need.

WORKPLACE CULTURE

In FY2021 and the year ahead, we continue building a strong workplace culture of beliefs and workplace norms. Our Values Statement guides our team actions, priorities, and decisions. INPRS recognizes that a positive workplace culture drives engagement, employee satisfaction, performance, and our ability to attract and retain top-tier talent.

A high-performing organization is predicated on the ability to include and connect every team member's shared talents and perspectives. That is why cultivating a culture where everyone can contribute their full potential will enable us to deliver on the goals and objectives of this strategic plan. INPRS is committed to developing a skilled and diverse workforce by providing staff with resources and development opportunities necessary to grow professionally and to service our members, employers, and stakeholders.

DATA ASSET MANAGEMENT

INPRS continues to improve across several technology-based areas. Over the past several years, the organization has built a program to manage our data as an asset, not just something used to perform a process. We now have established and staffed a team that focuses on managing our information effectively. We do this by working cross-functionally to analyze our data and perform data improvement activities.

For a decade, INPRS has been a strong leader amongst our peers in identifying and leveraging technology to innovate for our stakeholders. This year INPRS implemented several solutions that improve our ability to monitor activities within our systems. This improved responsiveness to business needs and provided better visibility into security across our environments. Proactively evaluating potential risks and developing risk mitigation strategies allow us to protect the data of members and employers, which is paramount to us.

The INPRS FY2022 – 2024 strategic plan reflects our commitment to providing high-quality, low-cost service and securing the financial future of the members we serve. The goals and objectives outlined by this plan, the strengths of our financial stability, our fiduciary governance, and our talented staff give us confidence that we will continue to accomplish the mission of this organization. To conclude, in FY 2022, we eagerly build upon the lessons learned and embrace the boundless opportunities for growth and many future successes in fostering relationships and servicing our members.

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 1: Foster a culture where an engaged workforce advances the organization's objectives

Strategic Objectives

- A. Develop behaviors that align with the organizational value statement to drive the desired organizational and departmental cultures to attract and retain employees
- B. Develop and implement a continuous learning and leadership development program
- C. Establish a strategic workforce planning framework to align with business plans

Key Operational Requirements

1. Continuously assess staffing needs and complete recruiting of the required staff
2. Complete an annual employee survey and create action plans to ensure employee engagement
3. Review and refresh the succession plan and position risk assessment to address retention and developmental plans

Goal 2: Deliver a quality member experience

Strategic Objectives

- A. Define and develop a comprehensive roadmap to support an efficient and quality member experience
- B. Enhance the new member plan enrollment process to differentiate between the DB and DC Plan requirements
- C. Define and implement the Governance framework for an integrated digital user experience
- D. Improve member call center satisfaction from 76% to 80%
- E. Process 100% of retirement, death and disability payments in no greater than 30 days
- F. Implement a process to ensure accurate information for MyChoice member accounts
- G. Evaluate the merits to decouple DB and DC distribution transactions for members

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Key Operational Requirements

1. a. Distribute timely and accurate payments to members
b. Monthly payroll
c. Weekly payroll
d. Retirements
d. Disability
e. Death
f. Defined Contribution Account
2. Distribute accurate 1099-R documents by January 31 of every year

Goal 3: Engage members through effective communication, education and collaborative relationships

Strategic Objectives

- A. Explore and assess the diversity demographics and perceptions of INPRS' membership
- B. Enhance digital education content delivery platforms

Key Operational Requirements

1. Maintain ongoing Voice of Customer (VOC) surveys and research
2. Provide required reports to the Legislature including the Pension Management Oversight (PMO) Committee
3. Maintain a formal process to incorporate stakeholder insights into the strategic plan
4. Continue to adapt and deliver a financial and investment education strategy to enhance member retirement readiness as measured by member engagement metrics

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 4: Deliver a quality employer experience

Strategic Objectives

- A. Define and develop a comprehensive roadmap to support an efficient and quality employer experience
- B. Increase employer satisfaction from 84% to 87%
- C. Establish an infrastructure and framework to support ongoing employer relationship management

Key Operational Requirements

1. Request pension relief information from employers
2. Provide annual contribution rate notification to employers
3. Track and report the timeliness of employer contributions
4. Track employers that are habitually late and request the Auditor of State to intercept funds from these employers
5. Annually obtain actuarial valuation reports for the defined benefit plans
6. Establish annual employer contribution rates at or above the actuarially determined contribution (ADC) rates
7. Perform an experience study of the defined benefit plans to update the actuarial assumptions, and review the actuarial methods for any necessary changes

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 5: Achieve the Defined Benefit (DB) target rate of return within accepted risk, cash flow, and cost constraints

Strategic Objectives

- A. Develop a systematized process for analyzing and allocating active risk across all asset classes
- B. Evaluate the best mix of passive exposure, long-only active exposure, and long-short active exposure to maximize returns across public market asset classes
- C. Perform an analysis and recommendation on the merits of an Infrastructure Portfolio Strategy
- D. Perform an analysis and provide recommendations on merits of Cryptocurrency as an Investment
- E. Transition the DB investment portfolio to the new, Board-approved asset allocation

Key Operational Requirements

1. Achieve the DB investment metrics
2. Complete the annual Investment Policy Statement (IPS) Review
3. Conduct an annual review of DB investment management fees, including benchmarking fees as compared to other public pension funds
4. Complete and assess a long-term liquidity analysis of the DB portfolio annually
5. Ensure the DB allocation to each asset class is within the Board-approved range
6. Assess the most productive mix of passive and active management across the DB portfolio
7. Monitor securities litigation and opportunistically participate in domestic and/ or international cases to maximize INPRS's loss recovery



GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS

Goal 6: Provide competitive Defined Contribution (DC) investment options and services

Strategic Objectives

- A. Evaluate the demand for and feasibility of offering provider managed account products to INPRS DC plan members
- B. Develop a DC Active Risk and Fee Budget Framework
- C. Evaluate the demand for and feasibility of a real assets / inflation - protection investments option

Key Operational Requirements

1. Achieve the DC investment metrics
2. Conduct an annual review of DC investment management fees, including benchmarking fees as compared to other public pension funds
3. Perform an annual review of DC investment options, including glide path (asset allocation) assumptions for the target date funds
4. Assess the most productive mix of passive and active management across the DC investment options
5. Complete quarterly reviews of the external annuity provider's performance, claims paying ability, creditworthiness, and fees charged
6. Conduct periodic meetings with business partners to benchmark our DC options and services
7. Set and communicate the DC administration fee

Goal 7: Ensure a value based and competitive operating cost structure

Strategic Objectives

- A. Improve INPRS' key business process maturity levels to reach established targets
- B. Develop and implement an Organizational Change Management Framework
- C. Establish a governance model for historical data retention across the organization and design to implement the technological solution to support the document retention schedule
- D. Establish a process automation strategy to identify and implement cost-saving opportunities

E. Improve controls, efficiency and effectiveness of RMBA processes and OPEB reporting

GOALS, OBJECTIVES & KEY OPERATIONAL REQUIREMENTS

Key Operational Requirements

1. Maintain a strategic plan on a three-year time horizon to be updated annually (SWOT, Strategy Map, Strategic Plan)
2. Participate in the annual Cost Effectiveness Measurement (CEM) surveys (Administration Cost, DB Performance and Fee Structure, and DC Performance and Fee Structure). Coordinate all survey responses and follow the improvement process to develop and implement an INPRS cost and service improvement plan
3. Maintain a Balanced Scorecard that contains a comprehensive set of measures for senior executives to assess INPRS progress towards meeting its strategic goals. Reevaluate all measures and target performance levels on an annual basis (end of fiscal year)
4. Establish an operating budget to be approved by the Board no later than June 30 of each year
5. Report financial performance to the budget at every Board meeting
6. Determine appropriate Board education and implement annually
7. Provide consistent guidelines and processes that define the creation, review, approval, distribution, tracking and updating of policies and procedures used by INPRS
8. Conduct performance reviews with business owners of vendors to ensure that key vendors are providing services according to expectations outlined in the contract
9. Complete an annual benchmarking assessment to be utilized in the strategic planning process
10. Conduct ongoing continuous improvement training to Improve operational efficiencies across INPRS by fostering a culture of continuous improvement

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

Goal 8: Proactively manage risk

Strategic Objectives

- A. Evaluate and improve the enterprise risk management program
- B. Enhance organizational transparency through workflow and process insights, data analytics, performance metrics, and operational efficiency

Key Operational Requirements

- 1. Obtain an annual unmodified opinion from the external auditor
- 2. Publish the INPRS ACFR annually by December month end and obtain the Government Finance Officers Association (GFOA) certification
- 3. Annually publish audited Government Accounting Standards Board (GASB) #68 related schedules for employers
- 4. As issued, determine if new GASB pronouncements have an impact on INPRS
- 5. Ensure that any audit findings or control issues identified in the annual external audit have action plans developed to correct the deficiency or material weakness within 30 days after the close of the audit
- 6. Complete a risk assessment of the strategic plan, prioritize risks, and development improvement plans for all risks above the approved thresholds
- 7. Ensure member, employer and staff security by performing IT security access control audits
- 8. Hold an IT disaster recovery test to validate capabilities for timely recovery of application systems
- 9. Complete a risk assessment of the organization and develop an annual audit plan
- 10. Monitor the compliance matrix for the Investment Policy Statement (IPS)
- 11. Complete the biennial review of Board governance documents
- 12. Enhance the comprehensive INPRS compliance program to ensure compliance with all federal and state requirements
- 13. Maintain and improve information security through execution of the information security program

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**

14. Conduct business continuity and disaster recovery (BCDR) tabletop exercise to ensure all critical processes are operating in accordance with the Business Continuity Plan (BCP)
15. Annually, provide actuarial review and OPEB reporting for the SOI OPEB plans (SPD, ISP, EG&C, Legislators
16. Maintain and improve the INPRS' Enterprise Risk Management program
17. Maintain and improve information and data quality through execution of the information management program
18. Complete an analysis of the actuarial-related risks faced by INPRS
19. Complete a peer review and replication of the actuarial valuation results

Goal 9: Advocate for legislative and regulatory policies needed to achieve strategic goals

Strategic Objectives

- A. Refine the enacted 77 Fund Disability Determination Process
- B. Evaluate and streamline the service purchase calculations and process for all funds
- C. Evaluate the value proposition to automatically disburse pension benefits to inactive members who are eligible for retirement
- D. Implement the Governor and Surviving Spouse Pension Plan
- E. Evaluate and recommend legislative DC changes to align with market standard processes
- F. Formalize the process to combine final average earnings and service credit benefits calculated under TRF rules for school employed PERF members

Key Operational Requirements

1. Conduct a review of Indiana Code for changes needed to achieve INPRS' mission and strategic goals at least annually in advance of the Pension Management Oversight (PMO) Committee annual meetings
2. Provide all reports as required by Indiana Code to the Administrative and Legislative branches of Indiana State government

**GOALS, OBJECTIVES & KEY
OPERATIONAL REQUIREMENTS**



- 3. Complete a monthly review of the nature of member benefit appeals and complaints to assess the need for change to existing code, policies, processes and procedures
- 4. Respond to requests from the Legislative Services Agency (LSA) within timeframes mutually agreed upon between INPRS and LSA to enable appropriate review and response
- 5. Provide financial and actuarial support during the legislative sessions to INPRS staff for legislators and LSA