



**MBTA
RETIREMENT
FUND**



**MBTA Retirement Fund
Strategic Plan
2020-2023**

A MESSAGE FROM THE INTERIM-EXECUTIVE DIRECTOR

In 2014, the MBTA Retirement Fund embarked on its first Strategic Plan covering the five (5) year period from 2015-2019. We are proud of the goals we set and accomplishments we achieved over that period of time, including the following:

- **Goal A – Improve financial reporting, accountability and transparency.**
 - Produced the Retirement Fund’s first four CAFRs following GFAO Guidelines (obtained Certificates of Excellence for 2016, 2017 and 2018)
 - Supplied the MBTA and Commonwealth with Information for “Open Checkbook” “CTHRU” Initiatives
 - Complied with the Public Records Law (PRL)
- **Goal B – Cultivate a high-performing, professional and innovative organization.**
 - Hired and Developed Professional Staff
 - Conducted In-Service Trainings/Adopted Best Practices
 - Fostered a “Customer Service” Culture
- **Goal C – Develop a technologically sophisticated infrastructure to better serve members and retirees.**
 - Created and Maintained the Retirement Fund’s Website
 - Incorporated Information Technology and Cybersecurity Protections and Best Practices
 - Improved Pension Benefit Service and Software Performance – *Ongoing*
- **Goal D – Adopt fiduciary and governance “best practices” to attain the highest levels of ethics and accountability.**
 - Updated Fiduciary Standards/Conducted Board Training
 - Adopted Written Internal Investment Compliance Procedures
 - Developed a Self-Reporting Working Relationship with PERAC

As we completed the final year of our initial plan, Retirement Fund management and the Retirement Board determined that the time was right to give a fresh look at the current status of the Retirement Fund and where we can further develop. With changes in technology and finance occurring more rapidly than ever, a decision was made to limit our next Plan to a four (4) year period, ending in 2023 coinciding with the 75th anniversary of the Retirement Fund. This will allow us to be nimble and flexible to changes in the current environment and industry trends, while remaining focused in accomplishing our strategic goals and objectives. To give life to the plan, we encourage you to offer comments and feedback.

John P. Barry
Interim-Executive Director

MBTA Retirement Fund Strategic Plan | 2020-2023

Since 1948, the Massachusetts Bay Transportation Authority Retirement Fund (the “**Retirement Fund**”) has built retirement security for people who invest their lifework providing public transportation services to residents of the Commonwealth of Massachusetts.

Vision: A trusted pension industry leader respected by our members and stakeholders for our integrity, accountability and service.

Mission: Provide responsible and efficient stewardship to deliver promised retirement benefits, while promoting retirement security for members and retirees.

Strategic Goals:

- **Goal A** – Enhance financial technology capabilities to support a secure and high performing customer service environment.
 - **Goal B** – Cultivate a sophisticated, professional, risk intelligent organization dedicated to customer service.
 - **Goal C** – Become a recognized leader in pension benefit administration.
 - **Goal D** – Sustain and preserve a financially sound pension fund.
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Core Values:

- **Accountability** – We strive to measure ourselves against the highest standards of integrity and fiscal responsibility.
 - **Integrity** – We aim to provide transparency, honesty and collaboration in our day-to-day business and all matters we encounter.
 - **Professionalism** – We maintain a professional and qualified staff, dedicated to our members and the sustainability of the Retirement Fund.
 - **Quality** – We take pride in providing high value customer service, as we aim to continuously meet or exceed the expectations of our members, retirees and their beneficiaries.
 - **Respect** – We respect the needs of our members, retirees and their beneficiaries as well as coworkers and other stakeholders, treating everyone with fairness, honesty and courtesy.
 - **Stewardship** – We recognize our fiduciary responsibility to our members, retirees and their beneficiaries as the foundation for our decision-making.
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MBTA Retirement Fund Strategic Plan | 2020-2023

Goal A | Enhance financial technology capabilities to support a secure and high performing customer service environment.

Objective A1: **Improve and modernize the Retirement Fund's IT infrastructure.**

Strategic Initiative A1.1: Implement technological improvements consistent with legal standards and best practices to better protect confidential information.

Strategic Initiative A1.2: Migrate from a traditional on-premises hosting solution to a cloud-based hosting solution and upgrade the Retirement Fund's operating system from Windows 7 to Windows 10.

Strategic Initiative A1.3: Complete migration to an electronic records management and retention program to improve storage and retrieval, while reducing the burden of maintaining paper records.

Objective A2: **Implement and maintain a sophisticated online self-service platform.**

Strategic Initiative A2.1: Implement password protected account access for members and retirees to obtain and monitor basic retirement data including pension benefit information by completing PTG Pension Pro benefit software implementation.

Strategic Initiative A2.2: Ensure that the Retirement Fund's website is secure and maintained properly.

Objective A3: **Educate financial technology users on upgraded service offerings and evaluate customer satisfaction.**

Strategic Initiative A3.1: Identify online and traditional educational tools to educate members, retirees and their beneficiaries on the Retirement Fund's online service offerings.

Strategic Initiative A3.2: Conduct customer satisfaction surveys and evaluate customer service delivery and offerings based on findings to improve financial technology and customer facing business processes to achieve and deliver high quality, timely, effective and efficient customer service to our members.

MBTA Retirement Fund Strategic Plan | 2020-2023

Goal B | Cultivate a sophisticated, professional, risk intelligent organization dedicated to customer service.

Objective B1: Retain and develop a highly competent staff.

Strategic Initiative B1.1: Enhance and encourage employee training and development opportunities (internally and externally) and promote continuing education, cross-training, risk awareness, and knowledge transfer to ensure workforce efficiency, sustainability, and innovation.

Strategic Initiative B1.2: Develop succession and redundancy plans to ensure availability of experienced and capable employees to assume new roles as needed and assure continuity of quality service.

Objective B2: Design and implement *Kai Zen*-like processes to improve benefits administration, information security and other Retirement Fund practices and procedures.

Strategic Initiative B2.1: Regularly evaluate, update and refine internal policies governing operations and management to reduce risk, enhance quality, improve discipline and encourage internal cooperation.

Strategic Initiative B2.2: Adopt a program of assessments and audits to evaluate internal controls, policies, performance and risk, and develop improvements and enhancements to the Retirement Fund's policies and procedures.

Strategic Initiative B2.3: Convene regular Information Governance meetings to improve information security awareness and customer facing "FinTech" processes.

Objective B3: Strive to create a process-based organization that optimizes performance and efficiency.

Strategic Initiative B3.1: Convene "agenda-driven" monthly staff meetings to promote internal synergy and organization while increasing accountability.

Strategic Initiative B3.2: Develop and evaluate standard operating procedures (SOPs) to improve efficient operations, productivity and uniformity.

Strategic Initiative B3.3: Evaluate the organizational chart and job descriptions to assure that roles match ever-evolving business responsibilities and service needs.

MBTA Retirement Fund Strategic Plan | 2020-2023

Goal C | Become a recognized leader in pension benefit administration.

Objective C1: Collaborate with state regulators, public pension systems and other industry stakeholders to identify innovative “best practices” and educate stakeholders about the Retirement Fund.

Strategic Initiative C1.1: Meet semi-annually with PERAC and PRIM leadership and staff to discuss cutting-edge issues relevant to pension benefit administration and investment.

Strategic Initiative C1.2: Attend industry meetings and join industry trade groups to identify and adopt industry best practices to continuously improve and adapt the Retirement Fund to an ever-changing environment.

Objective C2: Achieve a level of Retirement Board ethics and fiduciary accountability that meets or exceeds industry standards.

Strategic Initiative C2.1: Provide fiduciary training to educate the Retirement Board Members regarding their duties of undivided loyalty, accountability and prudent investment to the Retirement Fund and its members, retirees, and their beneficiaries, both as a matter of law and pursuant to the Retirement Fund’s Fiduciary Standards and its Investment Policy Statement.

Strategic Initiative C2.2: Implement techniques to increase the effectiveness of management’s communication to the Retirement Board.

Objective C3: Educate stakeholders including the public about the Retirement Fund.

Strategic Initiative C3.1: Increase awareness of the Retirement Fund’s unique and important historical role within the Commonwealth’s transportation and pension benefit systems.

Strategic Initiative C3.2: Educate stakeholders about the Retirement Fund’s achievements and its limitations, including funding challenges created through demographic forces such as disproportionate increases in retirees through increased life expectancy and decreases in active, contributing members.

MBTA Retirement Fund Strategic Plan | 2020-2023

Goal D | Sustain and preserve a financially sound pension fund.

Objective D1: **Improve the long-term sustainability of the Retirement Fund.**

Strategic Initiative D1.1:

Strive to ensure the long-term sustainability of the Retirement Fund by achieving the highest level of investment performance compatible with risk tolerance and prudent investment practices utilizing a highly capable and diversified external network of global investment consultants.

Strategic Initiative D1.2:

Adhere to the designated asset allocation developed through actuarial studies while striving to meet or exceed the target rate of return.

Objective D2: **Enhance financial reporting, accountability, and transparency.**

Strategic Initiative D2.1:

Maintain effective internal controls over financial reporting and working with the auditor (KPMG) produce a Comprehensive Annual Financial Report (CAFR) compliant with the Government Accounting Standards Board (GASB) for the annual Independent Auditor's Report.

Strategic Initiative D2.2:

Strive to receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting annually.

Strategic Initiative D2.3:

Make CAFRs and monthly, quarterly, one-, three-, five-, and ten-year investment returns publicly available via the Retirement Fund's website.

Strategic Initiative D2.4:

Evaluate and, as needed, implement technology to improve financial reporting abilities.

Objective D3: **Regularly convene Investment Compliance Working Group ("ICWG") meetings to review and improve Finance Department procedures.**

Strategic Initiative D3.1:

ICWG to review and continuously improve Finance Department policies and procedures including, without limitation, the Investment Policy Statement (IPS) to reduce risks and ensure internal and third-party compliance.

Strategic Initiative D3.2:

ICWG to conduct internal (Retirement Fund) reviews and coordinate external agreed upon procedures audits of IPS and other Finance department policies and procedures to determine compliance, feasibility and effectiveness of controls.